



**CITY OF BELLEFONTAINE
NEIGHBORS, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2015

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 9, 2015

Honorable Mayor and Board of Aldermen
CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI** (the City) as of and for the year ended June 30, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, 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 supplemental 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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

supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 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 the City's internal control over financial reporting and compliance.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

This Management's Discussion and Analysis (MD&A) is intended to be an overview of the City of Bellefontaine Neighbors, Missouri's (the City) financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

Net position increased by \$100,874 and fund balances decreased by \$20,971. This was primarily due to a decrease in court fines and increase in expenditures for street improvements. The fund balances are adequate for the City to operate efficiently and provide service to its citizens.

At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$2,937,778, a decrease of \$20,971 in comparison with the prior year. Approximately 44% of this amount (\$1,300,839) is available for spending at the government's discretion (unassigned fund balance).

The General Fund had changes in fund balances of (\$264,983) and \$114,471 in the current and prior year, respectively. The City's budget had reflected an anticipated increase of \$160,191 in the original budget and a deficit of \$514,009 in the final budget.

The Capital Improvement Fund had increases in fund balance of \$189,839 and \$218,913 in the current and prior year, respectively. The increase was primarily due to reduced capital outlay expenditures.

The Debt Service Fund had an increase in fund balance of \$14,815 and \$25,487 in the current and prior year, respectively. The increase was primarily due to tax revenue being in excess of debt service payments.

The Sewer Lateral Fund had an increase in fund balance of \$39,358 and \$12,114 in the current and prior year, respectively. Sewer Lateral Fund revenue was \$122,092 and sewer repair costs were \$82,734.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, building, police, street, recreation center, and court, as well as interest on long-term debt. The City does not have any business-type activities.

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 of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. It should be noted that the City does not have any proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund, Debt Service Fund, and Habilitation Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Capital Improvement Fund, Sewer Lateral Fund, and Debt Service Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

Fiduciary fund. The fiduciary fund is used to account for resources held for the benefit of parties outside the City. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary fund is much like that used for proprietary funds.

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

Supplemental information. In addition to the basic financial statements and accompanying notes, certain required and other supplemental information can be found after the basic financial statements.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

CONDENSED FINANCIAL STATEMENTS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Therefore, a comparative analysis of government-wide data is also included in this report.

During the year ended June 30, 2015, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which resulted in pension related assets, outflows and inflows. A condensed version of the statement of net position follows:

	June 30	
	2015	2014
ASSETS		
Current and other assets	\$ 5,083,241	3,829,422
Capital assets	<u>7,907,587</u>	<u>7,721,049</u>
Total Assets	<u>12,990,828</u>	<u>11,550,471</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>654,937</u>	 <u>-</u>
 LIABILITIES		
Other liabilities	483,105	473,598
Long-term liabilities	<u>4,695,794</u>	<u>5,036,530</u>
Total Liabilities	<u>5,178,899</u>	<u>5,510,128</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>139,149</u>	 <u>-</u>
 NET POSITION		
Net investment in capital assets	3,341,210	3,181,536
Restricted	1,317,273	1,075,941
Unrestricted	<u>3,669,234</u>	<u>1,782,866</u>
Total Net Position	<u>\$ 8,327,717</u>	<u>6,040,343</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,327,717 at June 30, 2015.

A portion of the City's net position (44%) may be used to meet the City's ongoing obligations to citizens and creditors. Additionally, a portion of the City's governmental activities net position (\$1,317,273) represents resources that are subject to external restrictions on how they may be used.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The remaining portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. 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.

A condensed version of the statement of activities follows:

	For The Years Ended June 30	
	2015	2014
REVENUES		
Program revenues:		
Charges for services	\$ 992,543	1,620,240
Operating grants and contributions	1,627,623	2,305,516
Capital grants and contributions	140,497	474,124
General revenues	<u>4,390,754</u>	<u>4,418,298</u>
Total Revenues	<u>7,151,417</u>	<u>8,818,178</u>
EXPENSES		
General government	2,156,581	3,149,579
Building	179,104	171,847
Police	2,683,279	2,461,129
Street	999,751	1,185,833
Recreation center	748,054	768,995
Court	96,019	90,463
Interest on long-term debt	<u>187,755</u>	<u>182,293</u>
Total Expenses	<u>7,050,543</u>	<u>8,010,139</u>
CHANGE IN NET POSITION	<u>100,874</u>	<u>808,039</u>
NET POSITION, JULY 1	6,040,343	5,232,304
RESTATEMENT - PENSION	<u>2,186,500</u>	<u>-</u>
NET POSITION, JULY 1, AS RESTATED	<u>8,226,843</u>	<u>5,232,304</u>
NET POSITION, JUNE 30	<u>\$8,327,717</u>	<u>6,040,343</u>

SIGNIFICANT CHANGE IN NET POSITION

Revenues decreased by 19% from the previous year while expenses decreased by 12% from the previous year accounting for the increase in net position of \$100,874.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund exceeded projections during 2015 mainly due to administration expenditures coming in lower than expected and sales tax coming in higher than expected. The total revenue variance was favorable by 3.4% and the expenditures variance was favorable by 1.7%. The City increased the original budgeted expenditures by \$274,200.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The City has invested, net of accumulated depreciation, \$7,907,587 at June 30, 2015, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$186,538 for the current fiscal year (including additions and deductions).

The City's capital assets, net of accumulated depreciation, consisted of:

	June 30	
	2015	2014
Land	\$ 467,275	467,275
Construction in progress	349,329	160,722
Buildings	293,685	231,401
Vehicles	456,702	207,331
Equipment	688,662	783,467
Infrastructure	<u>5,651,934</u>	<u>5,870,853</u>
Total Capital Assets	<u>\$7,907,587</u>	<u>7,721,049</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$4,318,691, a capital lease in the amount of \$247,686 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$129,417.

Additional information on the City's capital assets and long-term debt can be found in Note C and Note G, respectively, in the notes to financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City'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 Bellefontaine Neighbors, Missouri, Office of the City Clerk, 9641 Bellefontaine Road, Bellefontaine Neighbors, MO 63137.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash	\$ 213,316
Investments	2,219,305
Receivables:	
Municipal taxes	639,747
Court, net of allowance	94,678
Intergovernmental	98,136
Gross receipts taxes	129,625
Special assessments	69,632
Prepaid items	227,148
Net pension asset	1,391,654
Capital assets:	
Land and construction in progress	816,604
Other capital assets, net of accumulated depreciation	7,090,983
Total Assets	12,990,828
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension related	654,937
 LIABILITIES	
Accounts payable	252,568
Accrued interest payable	70,436
Accrued payroll	93,573
Telephone taxes in protest	46,403
Other liabilities	20,125
Noncurrent liabilities:	
Due within one year	467,150
Due in more than one year	4,228,644
Total Liabilities	5,178,899
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	139,149
 NET POSITION	
Net investment in capital assets	3,341,210
Restricted for:	
Debt service	426,953
Sewer lateral	104,864
Capital improvements	755,992
Federal forfeitures	20,909
Police training	8,555
Unrestricted	3,669,234
Total Net Position	\$ 8,327,717

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues			Net Revenues (Expenses) And Change In Net Position
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities				
General government	\$ 2,156,581	1,078,394	-	(1,078,187)
Building	179,104	-	-	(108,641)
Police	2,683,279	55,536	14,543	(1,981,362)
Street	999,751	493,693	125,954	(258,212)
Recreation center	748,054	-	-	(579,704)
Court	96,019	-	-	(96,019)
Interest on long-term debt	187,755	-	-	(187,755)
Total Governmental Activities	\$ 7,050,543	1,627,623	140,497	(4,289,880)

General Revenues	
Property taxes	623,953
Sales taxes	2,297,232
Gross receipts taxes	1,408,961
Licenses	50,218
Investment income	5,935
Other	4,455
Total General Revenues	4,390,754

CHANGE IN NET POSITION

NET POSITION, JULY 1	100,874
NET POSITION, JUNE 30	8,226,843
	\$ 8,327,717

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Improvement	Debt Service	Habilitation	Nonmajor Sewer Lateral	Total Governmental Funds
\$	213,291	-	-	25	-	213,316
	1,097,295	754,260	290,271	-	77,479	2,219,305
	394,609	108,456	136,682	-	-	639,747
	129,625	-	-	-	-	129,625
	94,678	-	-	-	-	94,678
	98,136	-	-	-	-	98,136
	69,632	-	-	-	-	69,632
	48,637	-	-	-	27,385	76,022
	227,148	-	-	-	-	227,148
	<u>\$ 2,373,051</u>	<u>862,716</u>	<u>426,953</u>	<u>25</u>	<u>104,864</u>	<u>3,767,609</u>

\$	202,568	50,000	-	-	-	252,568
	85,461	8,112	-	-	-	93,573
	27,385	48,612	-	25	-	76,022
	46,403	-	-	-	-	46,403
	20,125	-	-	-	-	20,125
	<u>381,942</u>	<u>106,724</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>488,691</u>

	94,678	-	-	-	-	94,678
	51,743	-	125,087	-	-	176,830
	69,632	-	-	-	-	69,632
	<u>216,053</u>	<u>-</u>	<u>125,087</u>	<u>-</u>	<u>-</u>	<u>341,140</u>

	227,148	-	-	-	-	227,148
	-	-	301,866	-	-	301,866
	-	-	-	-	104,864	104,864
	8,555	-	-	-	-	8,555
	20,909	-	-	-	-	20,909
	-	755,992	-	-	-	755,992
	217,605	-	-	-	-	217,605
	1,300,839	-	-	-	-	1,300,839
	<u>1,775,056</u>	<u>755,992</u>	<u>301,866</u>	<u>-</u>	<u>104,864</u>	<u>2,937,778</u>
	<u>\$ 2,373,051</u>	<u>862,716</u>	<u>426,953</u>	<u>25</u>	<u>104,864</u>	<u>3,767,609</u>

ASSETS

Cash
Investments
Receivables:
Taxes
Gross receipts taxes
Court fines, net of allowance
Intergovernmental
Special assessments
Due from other funds
Prepaid items

Total Assets

LIABILITIES

Accounts payable
Accrued payroll
Due to other funds
Telephone taxes in protest
Other liabilities
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue:
Court fines
Property taxes
Special assessments
Total Deferred Inflows Of Resources

FUND BALANCES

Nonspendable:
Prepaid items
Restricted for:
Debt service
Sewer lateral
Police training
Federal forfeitures
Capital improvement
Assigned for subsequent year's budget
Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows Of Resources, And Fund Balances

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$ 2,556,413
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$15,646,672 and the accumulated depreciation is \$7,739,085.	7,907,587
Property taxes, municipal court, and special assessment receivables are assessed by or due to the City, but the amounts not collected as of August 31, 2015 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	341,140
Certain items are not a financial resource and, therefore, are not reported in the governmental funds. These consist of:	
Net pension asset	1,391,654
Deferred outflows - pension related	654,937
Deferred inflows - pension related	(139,149)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(70,436)
Accrued compensated absences	(129,417)
Capital lease	(247,686)
General obligation bonds	<u>(4,318,691)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 7,946,352</u></u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Capital Improvement	Debt Service	Habilitation	Nonmajor Sewer Lateral	Total Governmental Funds
REVENUES						
Taxes	\$ 2,284,717	716,056	413,607	-	121,892	3,536,272
Gross receipts taxes	1,408,961	-	-	-	-	1,408,961
Licenses	50,218	-	-	-	-	50,218
Permits and inspections	70,463	-	-	-	-	70,463
Recreation center	168,350	-	-	-	-	168,350
Fines and forfeitures	744,671	-	-	-	-	744,671
Intergovernmental	200,983	-	-	1,073,444	-	1,274,427
Special assessment	5,320	-	-	-	-	5,320
Investment income	2,132	2,634	969	-	200	5,935
Other	4,305	-	-	-	-	4,305
Total Revenues	4,940,120	718,690	414,576	1,073,444	122,092	7,268,922
EXPENDITURES						
Current:						
Administration	1,360,590	-	-	-	-	1,360,590
Building	174,562	-	-	-	-	174,562
Police	2,357,061	9,656	-	-	-	2,366,717
Street	524,654	66,542	-	-	-	591,196
Court	96,019	-	-	-	-	96,019
Recreation center	485,678	187,198	-	-	-	672,876
Sewer lateral	-	-	-	-	82,734	82,734
Habilitation	-	-	-	1,073,444	-	1,073,444
Capital outlay	206,539	513,141	-	-	-	719,680
Debt service:						
Principal	-	133,679	215,000	-	-	348,679
Interest	-	-	184,761	-	-	184,761
Total Expenditures	5,205,103	910,216	399,761	1,073,444	82,734	7,671,258
REVENUES OVER (UNDER) EXPENDITURES	(264,983)	(191,526)	14,815	-	39,358	(402,336)
OTHER FINANCING SOURCES						
Capital leases	-	381,365	-	-	-	381,365
NET CHANGE IN FUND BALANCE	(264,983)	189,839	14,815	-	39,358	(20,971)
FUND BALANCES, JULY 1	2,040,039	566,153	287,051	-	65,506	2,958,749
FUND BALANCES, JUNE 30	\$ 1,775,056	755,992	301,866	-	104,864	2,937,778

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change In Fund Balances - Governmental Funds	\$ (20,971)
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capitalization threshold of \$702,937 exceeded the amount of depreciation of \$472,601 in the current period.</p>	
	230,336
<p>The net effect of various miscellaneous transactions involving capital assets:</p>	
Cost of disposals, net of accumulated depreciation	(43,798)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	(117,505)
<p>The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also the 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 effect of these differences in the treatment of long-term debt and related items.</p>	
Capital lease proceeds	(381,365)
Amortization of premium	5,822
Capital lease payments	133,679
General obligation bond payments	215,000
<p>Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:</p>	
Accrued compensated absences	(13,818)
Accrued interest on debt	(8,866)
Accrued net pension	102,360
	102,360
Change In Net Position Of Governmental Activities	\$ 100,874

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
JUNE 30, 2015

ASSETS

Cash	\$ 56,812
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LIABILITIES

Due to others	<u>56,812</u>
---------------	---------------

NET POSITION

	<u><u>\$ -</u></u>
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CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI** (the City) was incorporated on June 19, 1950 and established a mayor/city council form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation, general administrative services, legislative services, judicial services, and planning.

The significant accounting policies applied by the City in the preparation of the accompanying basic financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

2. 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 of the nonfiduciary activities of the primary government. The 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary 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 imposed by the provider have been met.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period, if any. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvement Fund -- The Capital Improvement Fund is a Special Revenue Fund that is used to account for financial resources and expenditures for certain capital improvements and maintenance.

Debt Service Fund -- The Debt Service Fund provides funding for payment of principal, interest, and other related costs from outstanding bond indebtedness.

Habilitation Fund -- The Habilitation Fund is a special revenue fund that is used to account for financial resources and expenditures for a certain state-funded project.

The City reports the following fiduciary fund:

Agency Fund -- The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The City's Agency Fund consists of the assets of the Bail Bond Fund.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value or cost which approximates fair value.

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance restriction which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), if any, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City has elected not to record the historical cost of infrastructure placed in service prior to July 1, 2003.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings	25 - 50
Vehicles	5 - 20
Equipment	5 - 25
Infrastructure	20 - 40

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at year-end are reported as restrictions of fund balances, if any.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

9. Compensated Absences

Under terms of the City’s personnel policy, employees are granted vacations based on length of service and compensatory time is granted to all nonexempt employees for hours worked in excess of a normal work week. Vacations accrue on January 1 of each year. Upon termination, the employee is paid for unused vacation and accrued compensatory time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. A portion of sick leave may be payable to employees upon termination, but it is not vested. Vested or accumulated vacation leave and compensatory time accrued at year-end are expected to be used by the employee during the following fiscal year.

10. Property Taxes

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied in October and are considered delinquent if not paid by December 31. St. Louis County assesses property values, collects the tax, and remits collected amounts to the City.

11. Allowance for Doubtful Accounts

Management believes accounts receivable for taxes and grants to be fully collectible; accordingly, no allowance for doubtful accounts is needed. Management estimates 50% or \$94,678 of the municipal court fines outstanding to be uncollectible.

12. Grant Revenue

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as unearned revenue or amounts receivable from the grantor.

13. Fund Balances

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balances (Continued)

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the Board of Aldermen, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen by ordinance has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

The City's policy is to maintain an unrestricted fund balance in the General Fund of at least 10% of the annual operating expenditure budget.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently only has deferred outflows related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items. The first item, unavailable revenue which arises under the modified accrual basis of accounting, is reported on the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: 1) property taxes, 2) court revenue, and 3) special assessments. The second item, deferred inflows - pension related, is reported on the statement of net pension. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

16. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2015, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2015, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Money market funds	\$ 2,219,305	2,219,305	-	-	Not rated

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City will minimize its credit risk by prequalifying financial institutions with which the City will do business. The selection bases shall include evaluation of each applicant's assets, liabilities, public deposits, local presence, credit characteristics, financial position, and collateral capabilities. Additionally, all banking contracts shall specify what types of investments may be used as collateral for deposits.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes the risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City invests operating funds primarily in shorter-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City will diversify the portfolio so that potential losses on individual securities will be minimized.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended June 30, 2015

	Balance June 30 2014	Increases	Decreases	Balance June 30 2015
Capital assets not being depreciated:				
Land	\$ 467,275	-	-	467,275
Construction in progress	160,722	188,607	-	349,329
Total Capital Assets Not Being Depreciated	<u>627,997</u>	<u>188,607</u>	<u>-</u>	<u>816,604</u>
Capital assets being depreciated:				
Buildings	4,773,755	78,392	-	4,852,147
Vehicles	965,709	424,738	247,579	1,142,868
Equipment	2,325,195	11,200	68,899	2,267,496
Infrastructure	6,567,557	-	-	6,567,557
Total Capital Assets Being Depreciated	<u>14,632,216</u>	<u>514,330</u>	<u>316,478</u>	<u>14,830,068</u>
Less - Accumulated Depreciation for:				
Buildings	4,542,354	16,108	-	4,558,462
Vehicles	758,378	131,569	203,781	686,166
Equipment	1,541,728	106,005	68,899	1,578,834
Infrastructure	696,704	218,919	-	915,623
Total Accumulated Depreciation	<u>7,539,164</u>	<u>472,601</u>	<u>272,680</u>	<u>7,739,085</u>
Total Capital Assets Being Depreciated, Net	<u>7,093,052</u>	<u>41,729</u>	<u>43,798</u>	<u>7,090,983</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,721,049</u>	<u>230,336</u>	<u>43,798</u>	<u>7,907,587</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

	For The Year Ended June 30 2015
General government	\$ 8,193
Building	4,542
Police	97,851
Street	288,329
Recreation center	<u>73,686</u>
Total	<u>\$472,601</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN

Plan Description

The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the LAGERS. LAGERS is an agent multiple-employer, state-wide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600 - 70.755. As such, it is LAGERS’ responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2015</u> <u>Valuation</u>
Benefit multiplier	2%
Final average salary	3 years
Member contributions	- %

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>66</u>
Total	<u>133</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 12.7% (General) and 13% (police) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3% price inflation
Salary increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	48.5 %	5.50 %
Fixed income	25.0	2.25
Real assets	20.0	4.50
Strategic assets	6.5	7.50

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	<u>\$ 13,769,260</u>	<u>15,574,342</u>	<u>(1,805,082)</u>
Changes for the year			
Service cost	299,417	-	299,417
Interest	985,396	-	985,396
Difference between expected and actual experience	(178,919)	-	(178,919)
Contributions - employer	-	331,332	(331,332)
Net investment income	-	300,876	(300,876)
Benefit payments, including refunds	(660,933)	(660,933)	-
Administrative expense	-	(12,024)	12,024
Other changes	-	72,282	(72,282)
Net Changes	<u>444,961</u>	<u>31,533</u>	<u>413,428</u>
Balances at June 30, 2015	<u>\$ 14,214,221</u>	<u>15,605,875</u>	<u>(1,391,654)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$ 462,091	(1,391,654)	(2,940,378)

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

For the year ended June 30, 2015, the City recognized pension expense of \$228,972. The reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
Differences in experience	\$ -	139,149
Excess (deficit) investment returns	654,937	-
Total	\$ 654,937	139,149

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

<u>For The Years Ending June 30</u>			
2016			\$123,964
2017			123,964
2018			123,964
2019			145,127
2020			(1,231)
Total			\$515,788

Payable to the Pension Plan

Included in accounts payable, the City reported a payable of \$25,512 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - DEFINED CONTRIBUTION PLAN

The City has a defined contribution retirement plan funded through the Security Benefit Group of Companies. The plan was established by an ordinance of the Board of Aldermen through a plan agreement dated July 1, 2001. All full-time employees are eligible to participate in the plan after six months of service. Pursuant to the plan's provisions, the City is obligated to match 100% of the employee's contribution up to \$50 per month. Contributions are fully vested immediately. Contributions to the plan amounted to \$32,625 for the year ended June 30, 2015.

NOTE F - DEFERRED COMPENSATION PLAN

The City participates in a deferred compensation plan under Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan complies with Section 457 of the Internal Revenue Code and Trust provisions are incorporated so that plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements.

NOTE G - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	For The Year Ended June 30, 2015				Due Within One Year
	Balance June 30 2014	Additions	Reductions	Balance June 30 2015	
General obligation bonds	\$ 4,480,000	-	215,000	4,265,000	230,000
Plus - premium on bonds	59,513	-	5,822	53,691	-
Capital lease	-	381,365	133,679	247,686	120,675
Compensated absences	115,599	175,324	161,506	129,417	116,475
Total	\$ 4,655,112	556,689	516,007	4,695,794	467,150

The capital lease is liquidated by the Capital Improvement Fund. The compensated absences are generally liquidated by the General Fund. The general obligation bonds are liquidated by the Debt Service Fund.

General Obligation Bonds

In August 2009, the City issued \$5,500,000 in General Obligation Bonds (Series 2009) due in varying amounts through March 1, 2029 with interest at 2% to 4.375%. The Series 2009 Bonds were used for infrastructure improvements.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM LIABILITIES (Continued)

Aggregate maturities required on general obligation bonds are as follows:

For The Years Ending June 30	Principal	Interest	Total
2016	\$ 230,000	178,799	408,799
2017	240,000	167,299	407,299
2018	250,000	155,299	405,299
2019	265,000	142,799	407,799
2020	270,000	133,789	403,789
2021 - 2025	1,535,000	505,542	2,040,542
2026 - 2029	1,475,000	162,589	1,637,589
Total	<u>\$ 4,265,000</u>	<u>1,446,116</u>	<u>5,711,116</u>

Capital Leases

The City has entered into a lease agreement for financing the acquisition of vehicles for the police department. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Assets	
Vehicles	\$424,738
Less - Accumulated depreciation	<u>84,948</u>
Total	<u>\$339,790</u>

Interest rate on the lease is 5.25%.

The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of June 30, 2015 are as follows:

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM LIABILITIES (Continued)

**For The
Years Ending
June 30**

	2016	\$133,679
	2017	<u>133,679</u>
	Total Minimum	
	Lease Payments	267,358
Less - Amount representing		
interest		<u>19,672</u>
	Present Value Of	
	Future Minimum	
	Lease Payments	<u>\$247,686</u>

NOTE H - INSURANCE

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multi-line package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2015.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE I - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - INTERFUND ASSETS/LIABILITIES (Continued)

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2015</u>
General Fund	Capital Improvement Fund	\$48,612
General Fund	Habilitation Fund	25
Nonmajor Fund	General Fund	<u>27,385</u>
Total		<u>\$76,022</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Amounts are expected to be repaid during the next fiscal year.

NOTE J - RELATED PARTY TRANSACTION

The City purchased services of approximately \$4,400 from a member of the Board of Aldermen for the preparation of the City's newsletters.

NOTE K - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,317,273 of restricted net position, \$890,320 of which is restricted by enabling legislation.

NOTE L - FINES AND COURT COSTS FOR TRAFFIC VIOLATIONS

RSMo 302.341.2 requires an accounting of the percentage of annual fines and court costs for traffic violations, including amended charges from any charged traffic violation, occurring within the City to total general operating revenue, to be included in the annual financial report. For 2015, the amount was determined based on the City's court system reports. During the year, the amount of fines, forfeitures and court costs for traffic violations, general operating revenue, and related percent amounted to \$352,404, \$4,249,247, and 8.3%, respectively, which is below the threshold of 30% identified in RSMo 302.341.2.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE M - RETROACTIVE RESTATEMENT OF NET POSITION

The previously stated net position has been restated as follows:

	<u>Governmental Activities</u>
Net position, June 30, 2014, as previously reported	\$ 6,040,343
Restatement for GASB 68 implementation:	
Net pension asset	1,805,082
Previous net pension obligation	<u>381,418</u>
Net Position, June 30, 2014, As Restated	<u><u>\$ 8,226,843</u></u>

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,458,666	1,458,666	1,552,283	93,617
Real estate	150,000	150,000	136,164	(13,836)
Personal property	30,000	30,000	34,126	4,126
Motor vehicle	123,924	123,924	133,910	9,986
Railroad	35,000	35,000	39,558	4,558
Gasoline	281,451	281,451	287,321	5,870
Cigarette	29,430	29,430	28,893	(537)
Road and bridge	75,530	75,530	72,462	(3,068)
Total Taxes	<u>2,184,001</u>	<u>2,184,001</u>	<u>2,284,717</u>	<u>100,716</u>
Gross Receipts Taxes				
Utilities	1,370,000	1,370,000	1,307,503	(62,497)
Cable	80,000	80,000	101,458	21,458
Total Gross Receipts Taxes	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,408,961</u>	<u>(41,039)</u>
Licenses				
Merchants	40,000	40,000	38,502	(1,498)
Liquor	1,650	1,650	1,623	(27)
Occupational	6,700	6,700	5,102	(1,598)
Manufacturers	100	100	4,291	4,191
Dog tags	200	200	442	242
Other	400	400	258	(142)
Total Licenses	<u>49,050</u>	<u>49,050</u>	<u>50,218</u>	<u>1,168</u>
Permits and Inspections				
Building permits	53,860	53,860	47,643	(6,217)
Inspections	18,140	18,140	22,820	4,680
Total Permits And Inspections	<u>72,000</u>	<u>72,000</u>	<u>70,463</u>	<u>(1,537)</u>
Recreation Center				
Recreation programs	106,951	106,951	113,186	6,235
Meeting room rental	11,235	11,235	12,264	1,029
Snack bar	9,883	9,883	11,651	1,768

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (Continued)				
Recreation Center (Continued)				
Special events	17,465	17,465	17,318	(147)
Other	14,466	14,466	13,931	(535)
Total Recreation Center	<u>160,000</u>	<u>160,000</u>	<u>168,350</u>	<u>8,350</u>
Fines and Forfeitures				
Court receipts	150,000	100,000	86,366	(13,634)
Police fines	1,000,000	650,000	587,185	(62,815)
Bond forfeitures	39,500	39,500	62,897	23,397
Other	10,500	10,500	8,223	(2,277)
Total Fines And Forfeitures	<u>1,200,000</u>	<u>800,000</u>	<u>744,671</u>	<u>(55,329)</u>
Intergovernmental	<u>-</u>	<u>-</u>	<u>145,447</u>	<u>145,447</u>
Special assessment	<u>-</u>	<u>-</u>	<u>5,320</u>	<u>5,320</u>
Investment Income	<u>4,200</u>	<u>4,200</u>	<u>2,132</u>	<u>(2,068)</u>
Other	<u>3,800</u>	<u>3,800</u>	<u>4,305</u>	<u>505</u>
Total Revenues	<u>5,123,051</u>	<u>4,723,051</u>	<u>4,884,584</u>	<u>161,533</u>
EXPENDITURES				
Administration				
Personnel costs:				
Salaries	196,867	206,867	196,485	(10,382)
Payroll tax	15,060	15,060	14,346	(714)
Total Personnel Costs	<u>211,927</u>	<u>221,927</u>	<u>210,831</u>	<u>(11,096)</u>
Employee insurance	481,000	431,000	377,008	(53,992)
Pension contribution	345,000	345,000	363,958	18,958
Utilities	131,407	131,407	135,547	4,140
Postage	6,936	6,936	6,166	(770)
Election costs	4,200	4,200	5,653	1,453
Supplies	38,494	38,494	23,734	(14,760)

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Administration (Continued)				
Accounting	17,000	17,000	18,226	1,226
Legal fees	74,639	74,639	86,653	12,014
Insurance	39,872	39,872	33,965	(5,907)
Commission	3,341	3,341	3,070	(271)
Public notices	406	406	611	205
Office equipment maintenance	18,544	18,544	18,477	(67)
Advertising	10,253	10,253	3,558	(6,695)
Professional development	16,000	16,000	17,438	1,438
Miscellaneous	47,039	47,039	55,695	8,656
Total Administration	<u>1,446,058</u>	<u>1,406,058</u>	<u>1,360,590</u>	<u>(45,468)</u>
Building				
Personnel costs:				
Salaries	149,726	151,726	151,649	(77)
Payroll tax	11,455	11,455	10,948	(507)
Total Personnel Costs	<u>161,181</u>	<u>163,181</u>	<u>162,597</u>	<u>(584)</u>
Insurance	11,965	11,965	11,965	-
Total Building	<u>173,146</u>	<u>175,146</u>	<u>174,562</u>	<u>(584)</u>
Police				
Personnel costs:				
Salaries	1,591,679	1,711,679	1,729,648	17,969
Payroll tax	127,501	127,501	127,805	304
Total Personnel Costs	<u>1,719,180</u>	<u>1,839,180</u>	<u>1,857,453</u>	<u>18,273</u>
Insurance	133,000	133,000	133,001	1
Telephone	8,700	8,700	7,653	(1,047)
Uniforms	19,500	19,500	20,198	698
Office supplies	11,000	11,000	7,474	(3,526)
Miscellaneous	18,078	18,078	44,603	26,525
Prisoner detention	42,000	42,000	23,306	(18,694)
Equipment maintenance	33,825	33,825	22,499	(11,326)
Fuel	68,500	68,500	37,676	(30,824)
Dispatch	67,136	67,136	66,131	(1,005)
Service contract	78,897	78,897	81,531	2,634
Capital outlay	-	-	17,932	17,932
Total Police	<u>2,199,816</u>	<u>2,319,816</u>	<u>2,319,457</u>	<u>(359)</u>

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Street				
Personnel costs:				
Salaries	248,620	248,620	243,454	(5,166)
Payroll tax	19,019	19,019	16,790	(2,229)
Total Personnel Costs	<u>267,639</u>	<u>267,639</u>	<u>260,244</u>	<u>(7,395)</u>
Street lights	198,397	198,397	195,323	(3,074)
Fuel	68,500	68,500	41,138	(27,362)
Insurance	23,279	23,279	23,279	-
Telephone	2,943	2,943	2,775	(168)
Uniforms	1,000	1,000	864	(136)
Miscellaneous	-	-	1,031	1,031
Capital outlay	45,000	189,200	188,607	(593)
Total Street	<u>606,758</u>	<u>750,958</u>	<u>713,261</u>	<u>(37,697)</u>
Court				
Personnel costs:				
Salaries	75,232	82,232	83,822	1,590
Payroll tax	5,755	5,755	6,174	419
Total Personnel Costs	<u>80,987</u>	<u>87,987</u>	<u>89,996</u>	<u>2,009</u>
Insurance	6,023	6,023	6,023	-
Supplies	2,239	2,239	-	(2,239)
Total Court	<u>89,249</u>	<u>96,249</u>	<u>96,019</u>	<u>(230)</u>
Recreation Center				
Personnel costs:				
Salaries	296,459	320,459	319,534	(925)
Payroll tax	22,679	22,679	23,035	356
Total Personnel Costs	<u>319,138</u>	<u>343,138</u>	<u>342,569</u>	<u>(569)</u>
Insurance	41,268	41,268	41,268	-
Telephone	3,360	3,360	3,313	(47)
Supplies	12,549	12,549	9,675	(2,874)
Equipment maintenance	25,000	37,000	37,703	703
Snack bar	7,032	7,032	5,939	(1,093)
Special events	14,496	14,496	13,470	(1,026)

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Recreation Center (Continued)				
Recreational programs	14,137	19,137	19,264	127
Miscellaneous	10,853	10,853	12,477	1,624
Total Recreation Center	447,833	488,833	485,678	(3,155)
Total Expenditures	4,962,860	5,237,060	5,149,567	(87,493)
 NET CHANGE IN FUND BALANCE	 \$ 160,191	 (514,009)	 (264,983)	 249,026
 FUND BALANCE, JULY 1			 2,040,039	
 FUND BALANCE, JUNE 30			 \$ 1,775,056	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes	\$ 650,000	716,056	66,056
Investment income	1,500	2,634	1,134
Total Revenues	<u>651,500</u>	<u>718,690</u>	<u>67,190</u>
EXPENDITURES			
Administration - capital outlay	5,000	-	(5,000)
Police	27,950	9,656	(18,294)
Police - capital outlay	-	2,400	2,400
Street	78,362	66,542	(11,820)
Street - capital outlay	55,000	49,492	(5,508)
Recreation center	195,342	187,198	(8,144)
Recreation center - capital outlay	85,000	79,884	(5,116)
Debt service:			
Principal	<u>132,624</u>	<u>133,679</u>	<u>1,055</u>
Total Expenditures	<u>579,278</u>	<u>528,851</u>	<u>(50,427)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 72,222</u></u>	189,839	<u><u>117,617</u></u>
FUND BALANCE, JULY 1		<u>566,153</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 755,992</u></u>	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Budgets and Budgetary Accounting

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

- a. Prior to July 1, the Budget Committee submits to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearing meetings are held to obtain taxpayer comments.
- c. Prior to July 1, the budget is adopted by the Board of Aldermen.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except initial capital lease amounts and certain reimbursements of salaries are netted against expense in the Police Department. (This amounted to \$55,536 for the fiscal year ended June 30, 2015.)
Expenditures may not legally exceed budgeted appropriations at the department level.
- e. The current year budget may include supplemental appropriations. A motion from the Board of Aldermen is required to transfer budgeted amounts between funds, or to transfer substantial budgeted amounts between departments within any fund or for any revisions that would alter the total expenditures of any fund.
- f. Annual appropriated budgets are adopted for all governmental funds, except for the Habilitation Fund.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
CHANGE IN NET PENSION LIABILITY AND RATIOS
FOR THE YEAR ENDED JUNE 30, 2015

Total Pension Liability

Service cost	\$ 299,417
Interest on the total pension liability	985,396
Difference between expected and actual experience	(178,919)
Benefit payments	(660,933)
Net Change In Total Pension Liability	444,961

Total Pension Liability Beginning

13,769,260

Total Pension Liability Ending (a)

\$ 14,214,221

Plan Fiduciary Net Position

Contributions - employer	\$ 331,332
Pension plan net investment income	300,876
Benefit payments	(660,933)
Pension plan administrative expense	(12,024)
Other	72,282
Net Change In Plan Fiduciary Net Position	31,533

Plan Fiduciary Net Position Beginning

15,574,342

Plan Fiduciary Net Position Ending (b)

\$ 15,605,875

Net Pension Liability (Asset) Ending (a-b)

\$ (1,391,654)

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) 109.79 %

Covered Employee Payroll \$ 2,591,495

Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll (53.70) %

Note: GASB 68 required supplemental information is not available for fiscal years prior to 2015.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined pension contribution	\$ 372,050	386,155	391,991	375,833	365,714	251,841	212,727	176,989	145,912	142,859
Contributions in relation to the actuarially determined contribution	331,333	307,876	290,445	264,857	234,763	202,779	174,459	144,079	123,972	112,319
Contribution Deficiency (Excess)	\$ 40,717	78,279	101,546	110,976	130,951	49,062	38,268	32,910	21,940	30,540
Covered Employee Payroll	\$ 2,571,924	2,501,379	2,572,955	2,573,953	2,522,163	2,439,834	2,382,022	2,233,221	2,059,261	1,991,038
Contributions as a Percentage of Covered Employee payroll	12.88 %	12.31	11.29	10.29	9.31	8.31	7.32	6.45	6.02	5.04

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28, 2015 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal
- Amortization method Level percent of payroll, closed
- Remaining amortization period Multiple bases from 14 to 16 years
- Asset valuation method 5 years smoothed market; 20% corridor
- Inflation 3.5% wage inflation; 3% price inflation
- Salary increases 3.5% - 6.8% including wage inflation
- Investment rate of return 7.25%, net of investment and administrative expenses
- Retirement age Experience-based table of rates that are specific to the type of eligibility condition
- Mortality 105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes	\$ 120,000	121,892	1,892
Investment income	<u>250</u>	<u>200</u>	<u>(50)</u>
Total Revenues	120,250	122,092	1,842
EXPENDITURES			
Sewer lateral	<u>128,500</u>	<u>82,734</u>	<u>(45,766)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (8,250)</u></u>	39,358	<u><u>47,608</u></u>
FUND BALANCE, JULY 1		<u>65,506</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 104,864</u></u>	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes:			
Real estate	\$ 360,000	328,327	(31,673)
Personal property	60,000	85,280	25,280
Total Taxes	<u>420,000</u>	<u>413,607</u>	<u>(6,393)</u>
Investment income	900	969	69
Total Revenues	<u>420,900</u>	<u>414,576</u>	<u>(6,324)</u>
EXPENDITURES			
Principal	215,000	215,000	-
Interest	184,887	184,761	(126)
Total Expenditures	<u>399,887</u>	<u>399,761</u>	<u>(126)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 21,013</u></u>	14,815	<u><u>(6,198)</u></u>
FUND BALANCE, JULY 1		<u>287,051</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 301,866</u></u>	

**CITY OF BELLEFONTAINE
NEIGHBORS, MISSOURI**

REPORT ON FEDERAL AWARDS
(Audited)

Year Ended June 30, 2015

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REPORT ON FEDERAL AWARDS

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**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**

December 9, 2015

Honorable Mayor and Board of Aldermen
CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI** (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2015.

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'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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

December 9, 2015

Honorable Mayor and Board of Aldermen
CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI's** (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major fed-

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eral program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
OMB CIRCULAR A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 9, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Missouri Department of Economic Development:			
Community Development Block Grant	14.228	2008-DI-45	<u>\$1,073,445</u>
U.S. Department of Justice			
Federal Equitable Sharing	16.922	-	<u>17,932</u>
U.S. Department of Transportation			
Missouri Department of Transportation:			
Highway Planning and Construction	20.205	STP-5422(615)	23,240
Highway Planning and Construction	20.205	BRM-5611(602)	<u>102,713</u>
Total Highway Planning And Construction			<u>125,953</u>
Total Awards Expended			<u>\$1,217,330</u>

NOTES:

1. General

The schedule of expenditures of federal awards (the schedule) presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note A to the City's financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The schedule is presented using the modified accrual basis of accounting, which is described in Note A to the City's financial statements.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of the auditor's results:

A. Financial Statements:

- | | |
|--|--------------------------------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes <u> X </u> None reported |
| c) Noncompliance material to financial statements noted? | _____ Yes <u> X </u> No |

B. Federal Awards:

- | | |
|---|---|
| 1. Internal control over major programs: | |
| a) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes <u> X </u> None reported |
| c) Type of auditor's report issued on compliance for major programs: | Unmodified |
| d) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | _____ Yes <u> X </u> No |
| e) Identification of major programs: | |
| <u>CFDA Number(s)</u> | <u>Name Of Federal Program Or Cluster</u> |
| 14.228 | Community Development Block Grant |
| f) Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| g) Auditee qualified as low-risk auditee? | _____ Yes <u> X </u> No |

II. Financial statement findings: None

III. Federal award findings and questioned costs: None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings relating to financial statements which are required to be reported in accordance with *Government Auditing Standards*:

N/A