



FINANCIAL REPORT
(Audited)

Year Ended June 30, 2020

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 24, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 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, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required 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 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 24, 2020 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

Chesterfield, Missouri

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

Net position decreased by \$90,940 during the fiscal year. Fund balances decreased by \$315,218 primarily due to decrease of grant revenue. The fund balances are adequate for the City to operate efficiently and provide services to its citizens.

At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$4,151,573. Approximately 16.7% of this amount (\$694,778) is available for spending at the City's discretion (unassigned fund balance).

The General Fund had changes in fund balance of (\$208,163) and (\$66,806) in the current and prior year, respectively. The decrease in the current year was primarily due to decreased revenues. The City's General Fund budget had reflected an anticipated decrease in fund balance of \$192,391 in the original budget. There were no amendments to the original budget.

The Capital Improvement Fund had changes in fund balance of (\$162,443) and \$187,272 in the current and prior year, respectively. The decrease in the current year was primarily due to a decrease in intergovernmental revenues.

The Debt Service Fund had changes in fund balance of (\$16,379) and \$22,537 in the current and prior year, respectively. The decrease in the current year was primarily due to the decrease in tax revenue.

The Bond Fund had changes in fund balance of \$6,772 and (\$149,619) in the current and prior year, respectively. The increase in the current year was primarily due to a decrease in transferring funds to capital improvement for street capital outlay expenditures.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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

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 and other fiscal charges 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 Bond Fund, all of which are considered to be major funds. The Sewer Lateral Fund is a nonmajor fund.

The City adopts an annual appropriated budget for all of its funds except the Bond 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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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.

CONDENSED FINANCIAL STATEMENTS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board pronouncements. Therefore, a comparative analysis of government-wide data is also included in this report.

A condensed version of the statement of net position follows:

| | June 30 | |
|---|----------------|-------------|
| | 2020 | 2019 |
| ASSETS | | |
| Current and other assets | \$ 5,633,001 | 7,413,471 |
| Capital assets | 14,844,491 | 15,158,506 |
| Total Assets | 20,477,492 | 22,571,977 |
| DEFERRED OUTFLOWS OF RESOURCES | 1,196,799 | 874,070 |
| LIABILITIES | | |
| Other liabilities | 355,435 | 706,299 |
| Long-term liabilities | 10,757,887 | 11,407,908 |
| Total Liabilities | 11,113,322 | 12,114,207 |
| DEFERRED INFLOWS OF RESOURCES | 86,493 | 766,424 |
| NET POSITION | | |
| Net investment in capital assets | 5,134,487 | 4,817,883 |
| Restricted | 4,763,366 | 5,261,089 |
| Unrestricted | 576,623 | 486,444 |
| Total Net Position | \$ 10,474,476 | 10,565,416 |

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 \$10,474,476 at June 30, 2020.

The City's unrestricted net position of \$576,623 (5.51%) 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 (\$4,763,366) 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, 2020

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 | |
|---|--|-------------|
| | 2020 | 2019 |
| REVENUES | | |
| Program revenues: | | |
| Charges for services | \$ 330,212 | 520,280 |
| Operating grants and contributions | 446,933 | 517,623 |
| Capital grants and contributions | 55,327 | 1,102,618 |
| General revenues: | | |
| Property taxes | 1,262,514 | 1,233,236 |
| Sales taxes | 2,813,158 | 2,871,353 |
| Gross receipts taxes | 1,202,554 | 1,287,043 |
| Other | 101,334 | 112,935 |
| Total Revenues | 6,212,032 | 7,645,088 |
| EXPENSES | | |
| General government | 1,053,456 | 1,092,549 |
| Building | 182,993 | 173,000 |
| Police | 3,051,800 | 2,855,397 |
| Street | 1,154,447 | 1,150,263 |
| Recreation center | 458,874 | 732,949 |
| Court | 67,869 | 88,648 |
| Interest and other fiscal charges on long-term debt | 333,533 | 346,193 |
| Total Expenses | 6,302,972 | 6,438,999 |
| CHANGE IN NET POSITION | (90,940) | 1,206,089 |
| NET POSITION, JULY 1 | 10,565,416 | 9,359,327 |
| NET POSITION, JUNE 30 | \$ 10,474,476 | 10,565,416 |

SIGNIFICANT CHANGE IN NET POSITION

Revenues decreased by 18.7% from the previous year while expenses decreased by 2.1% from the previous year accounting for the decrease in net position of \$90,940. The current year decrease of revenue primarily relates to decreased charges for services and grants received.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund fell short of projections during 2020 mainly due to tax revenue, charges for services and court fines coming in lower than expected. The total revenue variance was unfavorable by 9.2% and the expenditures variance was favorable by 8.4%.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The City has invested, net of accumulated depreciation, \$14,844,491 at June 30, 2020, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$314,015 for the current fiscal year (including additions and deductions).

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

| | <u>June 30</u> | |
|--------------------------|----------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Land | \$ 467,275 | 467,275 |
| Construction in progress | - | 1,376,043 |
| Buildings | 716,403 | 231,615 |
| Vehicles | 169,651 | 65,886 |
| Equipment | 547,442 | 475,068 |
| Infrastructure | <u>12,943,720</u> | <u>12,542,619</u> |
| Total Capital Assets | <u>\$ 14,844,491</u> | <u>15,158,506</u> |

The City's long-term debt consists of the Series 2017 general obligation bonds in the amount of \$7,574,570, including premium, Series 2017A general obligations bonds in the amount of \$3,069,677, including premium and compounded interest, and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$113,640.

Additional information on the City's capital assets and long-term liabilities 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, 2020**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash | \$ 971,136 |
| Investments | 2,680,988 |
| Receivables: | |
| Municipal taxes | 830,408 |
| Gross receipts taxes | 133,437 |
| Court fines, net of allowance | 78,961 |
| Intergovernmental | 58,350 |
| Special assessments | 54,089 |
| Other | 2,313 |
| Net pension asset | 823,319 |
| Capital assets: | |
| Land and construction in progress | 467,275 |
| Other capital assets, net of accumulated depreciation | 14,377,216 |
| Total Assets | <u>20,477,492</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred amounts related to pension | <u>1,196,799</u> |
| LIABILITIES | |
| Accounts payable | 77,591 |
| Accrued interest payable | 119,642 |
| Accrued payroll | 143,469 |
| Other liabilities | 14,733 |
| Noncurrent liabilities: | |
| Due within one year | 702,276 |
| Due in more than one year | 10,055,611 |
| Total Liabilities | <u>11,113,322</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred amounts related to pension | <u>86,493</u> |
| NET POSITION | |
| Net investment in capital assets | 5,134,487 |
| Restricted for: | |
| Debt service | 929,523 |
| Sewer lateral | 327,455 |
| Capital improvements | 1,434,887 |
| Federal forfeitures | 137,876 |
| Pension | 1,933,625 |
| Unrestricted | <u>576,623</u> |
| Total Net Position | <u>\$ 10,474,476</u> |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| | | Program Revenues | | | Net Revenues (Expenses) And Change In Net Position |
|---|-----------------|-------------------------------------|---|---|---|
| FUNCTIONS/PROGRAMS | Expenses | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| General government | \$ 1,053,456 | - | - | - | (1,053,456) |
| Building | 182,993 | 49,820 | - | - | (133,173) |
| Police | 3,051,800 | 86,528 | 21,454 | 40,809 | (2,903,009) |
| Street | 1,154,447 | 124,435 | 425,479 | 5,204 | (599,329) |
| Recreation center | 458,874 | 69,429 | - | 9,314 | (380,131) |
| Court | 67,869 | - | - | - | (67,869) |
| Interest and other fiscal charges on long-term debt | 333,533 | - | - | - | (333,533) |
| Total Governmental Activities | \$ 6,302,972 | 330,212 | 446,933 | 55,327 | (5,470,500) |
| General Revenues | | | | | |
| Property taxes | | | | | 1,262,514 |
| Sales taxes | | | | | 2,813,158 |
| Gross receipts taxes | | | | | 1,202,554 |
| Licenses | | | | | 34,940 |
| Investment income | | | | | 25,302 |
| Other | | | | | 41,092 |
| Total General Revenues | | | | | 5,379,560 |
| CHANGE IN NET POSITION | | | | | (90,940) |
| NET POSITION, JULY 1 | | | | | 10,565,416 |
| NET POSITION, JUNE 30 | | | | | \$ 10,474,476 |

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

| | <u>General</u> | <u>Capital Improvement</u> | <u>Debt Service</u> | <u>Bond</u> | <u>Nonmajor Sewer Lateral</u> | <u>Total Governmental Funds</u> |
|---|---------------------|--------------------------------|-------------------------|----------------|---------------------------------------|---|
| ASSETS | | | | | | |
| Cash | \$ 971,136 | - | - | - | - | 971,136 |
| Investments | 13 | 1,339,248 | 41,432 | 934,244 | 366,051 | 2,680,988 |
| Receivables: | | | | | | |
| Municipal taxes | 442,993 | 106,910 | 279,283 | - | 1,222 | 830,408 |
| Gross receipts taxes | 133,437 | - | - | - | - | 133,437 |
| Court fines, net of allowance | 78,961 | - | - | - | - | 78,961 |
| Intergovernmental | - | 58,350 | - | - | - | 58,350 |
| Special assessments | 54,089 | - | - | - | - | 54,089 |
| Other | 2,313 | - | - | - | - | 2,313 |
| Due from other funds | 164,938 | 70,275 | 608,808 | - | - | 844,021 |
| | <u>\$ 1,847,880</u> | <u>1,574,783</u> | <u>929,523</u> | <u>934,244</u> | <u>367,273</u> | <u>5,653,703</u> |
| Total Assets | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 77,591 | - | - | - | - | 77,591 |
| Accrued payroll | 128,693 | 14,776 | - | - | - | 143,469 |
| Due to other funds | 608,808 | 125,120 | - | 70,275 | 39,818 | 844,021 |
| Other liabilities | 14,733 | - | - | - | - | 14,733 |
| Total Liabilities | <u>829,825</u> | <u>139,896</u> | <u>-</u> | <u>70,275</u> | <u>39,818</u> | <u>1,079,814</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue: | | | | | | |
| Court fines | 78,961 | - | - | - | - | 78,961 |
| Property taxes | 52,351 | - | 236,915 | - | - | 289,266 |
| Special assessments | 54,089 | - | - | - | - | 54,089 |
| Total Deferred Inflows Of Resources | <u>185,401</u> | <u>-</u> | <u>236,915</u> | <u>-</u> | <u>-</u> | <u>422,316</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Debt service | - | - | 692,608 | - | - | 692,608 |
| Sewer lateral | - | - | - | - | 327,455 | 327,455 |
| Federal forfeitures | 137,876 | - | - | - | - | 137,876 |
| Capital improvement | - | 1,434,887 | - | 863,969 | - | 2,298,856 |
| Unassigned | 694,778 | - | - | - | - | 694,778 |
| Total Fund Balances | <u>832,654</u> | <u>1,434,887</u> | <u>692,608</u> | <u>863,969</u> | <u>327,455</u> | <u>4,151,573</u> |
| Total Liabilities, Deferred Inflows Of Resources, And Fund Balances | <u>\$ 1,847,880</u> | <u>1,574,783</u> | <u>929,523</u> | <u>934,244</u> | <u>367,273</u> | <u>5,653,703</u> |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

| | |
|--|-----------------------------|
| Total Fund Balances - Governmental Funds | \$ 4,151,573 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | |
| <p>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 \$25,226,830 and the accumulated depreciation is \$10,382,339.</p> | 14,844,491 |
| <p>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, 2020 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.</p> | 422,316 |
| <p>Certain items are not a financial resource and, therefore, are not reported in the governmental funds. These consist of:</p> | |
| Net pension asset | 823,319 |
| Deferred outflows related to pensions | 1,196,799 |
| Deferred inflows related to pensions | (86,493) |
| <p>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:</p> | |
| Accrued interest payable | (119,642) |
| Accrued compensated absences | (113,640) |
| Compounded interest | (12,525) |
| General obligation bonds | <u>(10,631,722)</u> |
| Total Net Position Of Governmental Activities | <u><u>\$ 10,474,476</u></u> |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>General</u> | <u>Capital Improvement</u> | <u>Debt Service</u> | <u>Bond</u> | <u>Nonmajor Sewer Lateral</u> | <u>Total Governmental Funds</u> |
|---|-------------------|--------------------------------|-------------------------|----------------|---------------------------------------|---|
| REVENUES | | | | | | |
| Taxes | \$ 2,850,142 | 704,411 | 939,302 | - | 124,435 | 4,618,290 |
| Gross receipts taxes | 1,202,554 | - | - | - | - | 1,202,554 |
| Licenses and permits | 84,760 | - | - | - | - | 84,760 |
| Charges for services | 69,429 | - | - | - | - | 69,429 |
| Fines and forfeitures | 111,805 | - | - | - | - | 111,805 |
| Intergovernmental | 62,263 | 14,518 | - | - | - | 76,781 |
| Special assessment | 5,391 | - | - | - | - | 5,391 |
| Investment income | 2,094 | 8,661 | 3,973 | 8,073 | 2,501 | 25,302 |
| Other | 13,300 | - | - | - | - | 13,300 |
| Total Revenues | <u>4,401,738</u> | <u>727,590</u> | <u>943,275</u> | <u>8,073</u> | <u>126,936</u> | <u>6,207,612</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | 1,060,946 | 49,075 | - | - | - | 1,110,021 |
| Building | 138,031 | - | - | - | - | 138,031 |
| Police | 2,668,331 | 45,694 | - | - | - | 2,714,025 |
| Street | 315,724 | 363,960 | - | - | - | 679,684 |
| Court | 73,473 | - | - | - | - | 73,473 |
| Recreation center | 353,396 | 135,326 | - | - | - | 488,722 |
| Sewer lateral | - | - | - | - | 61,941 | 61,941 |
| Capital outlay | - | 322,814 | - | - | - | 322,814 |
| Debt service: | | | | | | |
| Principal | - | - | 585,000 | - | - | 585,000 |
| Interest and other fiscal charges | - | - | 374,654 | - | - | 374,654 |
| Total Expenditures | <u>4,609,901</u> | <u>916,869</u> | <u>959,654</u> | <u>-</u> | <u>61,941</u> | <u>6,548,365</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(208,163)</u> | <u>(189,279)</u> | <u>(16,379)</u> | <u>8,073</u> | <u>64,995</u> | <u>(340,753)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in | - | 1,301 | - | - | - | 1,301 |
| Transfer out | - | - | - | (1,301) | - | (1,301) |
| Insurance recoveries | - | 25,535 | - | - | - | 25,535 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>26,836</u> | <u>-</u> | <u>(1,301)</u> | <u>-</u> | <u>25,535</u> |
| NET CHANGE IN FUND BALANCE | <u>(208,163)</u> | <u>(162,443)</u> | <u>(16,379)</u> | <u>6,772</u> | <u>64,995</u> | <u>(315,218)</u> |
| FUND BALANCES, JULY 1 | <u>1,040,817</u> | <u>1,597,330</u> | <u>708,987</u> | <u>857,197</u> | <u>262,460</u> | <u>4,466,791</u> |
| FUND BALANCES, JUNE 30 | <u>\$ 832,654</u> | <u>1,434,887</u> | <u>692,608</u> | <u>863,969</u> | <u>327,455</u> | <u>4,151,573</u> |

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, 2020

Net Change In Fund Balances - Governmental Funds \$ (315,218)

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 depreciation of \$688,268 exceeded the capitalization threshold of \$374,253 in the current period. (314,015)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (21,115)

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.

| | |
|----------------------------------|---------|
| Amortization of premium | 41,069 |
| Compounded interest accruals | (4,848) |
| General obligation bond payments | 585,000 |

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:

| | |
|------------------------------|-----------------|
| Accrued compensated absences | 28,800 |
| Accrued interest on debt | 4,900 |
| Pension expense | <u>(95,513)</u> |

Change In Net Position Of Governmental Activities \$ (90,940)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
JUNE 30, 2020

ASSETS

Cash \$ 10,071

LIABILITIES

Due to others 10,071

NET POSITION

\$ -

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

NOTES TO FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI** (the City), is a fourth class city, was incorporated on June 19, 1950 and established a Mayor/Board of Aldermen 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 STATEMENT

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 receipts of the capital improvement sales tax 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.

Bond Fund -- The Bond Fund is a capital projects fund used to account for bond proceeds and the related expenditures for street improvements.

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 STATEMENT

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. 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 acquisition 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 | 15 - 50 |
| Vehicles | 5 - 20 |
| Equipment | 5 - 25 |
| Infrastructure | 20 - 40 |

6. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

7. 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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. 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.

9. 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.

10. 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 \$78,961 of the municipal court fines outstanding to be uncollectible.

11. 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.

12. 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.

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Balances (Continued)

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.

13. 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 the pension reported on the government-wide statement of net position.

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 currently has deferred inflows of resources for unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the government-wide statement of net position.

14. 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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Pensions

For purposes of measuring the net pension asset/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 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, 2020, 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, 2020, 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 | \$ 2,680,988 | - | 2,680,988 | - | Not rated |

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

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.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represents 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2020, the City had all of its investments in money market funds.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City has only money market funds which are considered not subject to fair value disclosure.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE C - CAPITAL ASSETS

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

| | For The Year Ended June 30, 2020 | | | Balance June 30 2020 |
|--|---|------------------|------------------|-------------------------------------|
| | Balance June 30 2019 | Increases | Decreases | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 467,275 | - | - | 467,275 |
| Construction in progress | 1,376,043 | 71,779 | 1,447,822 | - |
| Total Capital Assets Not Being Depreciated | <u>1,843,318</u> | <u>71,779</u> | <u>1,447,822</u> | <u>467,275</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 4,852,147 | 516,946 | - | 5,369,093 |
| Vehicles | 971,090 | 144,300 | 90,474 | 1,024,916 |
| Equipment | 2,359,770 | 158,174 | 45,658 | 2,472,286 |
| Infrastructure | 14,962,384 | 930,876 | - | 15,893,260 |
| Total Capital Assets Being Depreciated | <u>23,145,391</u> | <u>1,750,296</u> | <u>136,132</u> | <u>24,759,555</u> |
| Less - Accumulated depreciation for: | | | | |
| Buildings | 4,620,532 | 32,158 | - | 4,652,690 |
| Vehicles | 905,204 | 40,535 | 90,474 | 855,265 |
| Equipment | 1,884,702 | 85,800 | 45,658 | 1,924,844 |
| Infrastructure | 2,419,765 | 529,775 | - | 2,949,540 |
| Total Accumulated Depreciation | <u>9,830,203</u> | <u>688,268</u> | <u>136,132</u> | <u>10,382,339</u> |
| Total Capital Assets Being Depreciated, Net | <u>13,315,188</u> | <u>1,062,028</u> | <u>-</u> | <u>14,377,216</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 15,158,506</u> | <u>1,133,807</u> | <u>1,447,822</u> | <u>14,844,491</u> |

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

| | For The Year Ended June 30 2020 |
|--------------------|--|
| General government | \$ 6,488 |
| Building | 68,481 |
| Police | 38,496 |
| Street | 543,126 |
| Recreation center | <u>31,677</u> |
| Total | <u>\$ 688,268</u> |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

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 Missouri Local Government Employees Retirement System (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 supplemental information. This 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.

| | 2020 Valuation |
|----------------------|-------------------------------|
| Benefit multiplier | 2% for life |
| Final average salary | 3 years |
| Member contributions | Noncontributory for employees |

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, 2020, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 58 |
| Inactive employees entitled to but not yet receiving benefits | 36 |
| Active employees | 49 |
| Total | 143 |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

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 4.0% (General) and 15.0% (Police) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2020. The pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

The total pension liability in the February 28, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.25% wage inflation; 2.50% price inflation |
| Salary increase | 3.25% to 6.55% including wage inflation |
| Investment rate of return | 7.25%, net of investment expenses |

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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 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:

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-term Expected Real Rate Of Return</u> |
|--------------------|--------------------------|--|
| Alpha | 15.00 % | 3.67 % |
| Equity | 35.00 | 4.78 |
| Fixed income | 31.00 | 1.41 |
| Real assets | 36.00 | 3.29 |
| Strategic assets | 8.00 | 5.25 |
| Cash/leverage | (25.00) | (0.29) |

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 (Asset)

| | <u>Increase (Decrease)</u> | | |
|---|--|--|--|
| | <u>Total Pension Liability</u> <u>(a)</u> | <u>Plan Fiduciary Net Position</u> <u>(b)</u> | <u>Net Pension Liability (Asset)</u> <u>(a)-(b)</u> |
| Balances at June 30, 2019 | \$ 17,158,748 | 19,080,240 | (1,921,492) |
| Changes for the year | | | |
| Service cost | 313,771 | - | 313,771 |
| Interest | 1,219,189 | - | 1,219,189 |
| Difference between expected and actual experience | 264,064 | - | 264,064 |
| Contributions - employer | - | 272,244 | (272,244) |
| Net investment income | - | 247,244 | (247,244) |
| Benefit payments, including refunds | (1,010,673) | (1,010,673) | - |
| Administrative expense | - | (16,938) | 16,938 |
| Other | - | 196,301 | (196,301) |
| Net Changes | <u>786,351</u> | <u>(311,822)</u> | <u>1,098,173</u> |
| Balances at June 30, 2020 | \$ 17,945,099 | 18,768,418 | (823,319) |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

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.

| | 1% Decrease | Current Single Discount Rate Assumption | 1% Increase |
|-------------------------------|--------------------|--|--------------------|
| Net pension liability (asset) | \$ 1,650,420 | (823,319) | (956,495) |

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

For the year ended June 30, 2020, the City recognized pension expense of \$367,757. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

| | Outflows | Inflows | Net Outflows |
|--|-----------------|----------------|---------------------|
| Differences in experience | \$ 706,415 | (86,493) | 619,922 |
| Assumption changes | 18,407 | - | 18,407 |
| Net difference between projected and actual earnings on pension plan investments | 471,977 | - | 471,977 |
| Total | \$ 1,196,799 | (86,493) | 1,110,306 |

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

**For The Plan
Years Ending
June 30**

| | |
|-------|--------------|
| 2021 | \$ 183,482 |
| 2022 | 338,420 |
| 2023 | 357,063 |
| 2024 | 231,341 |
| Total | \$ 1,110,306 |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

Payable to the Pension Plan

Included in accounts payable, the City reported a payable of \$22,593 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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 \$19,771 for the year ended June 30, 2020.

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, 2020 | | | Balance June 30 2020 | Due Within One Year |
|--------------------------|---|------------------|-------------------|-------------------------------------|------------------------------------|
| | Balance June 30 2019 | Additions | Reductions | | |
| General obligation bonds | \$ 10,645,000 | - | 585,000 | 10,060,000 | 600,000 |
| Plus - premium on bonds | 612,791 | - | 41,069 | 571,722 | - |
| Compounded interest | 7,677 | 4,848 | - | 12,525 | - |
| Compensated absences | 142,440 | 136,941 | 165,741 | 113,640 | 102,276 |
| Total | <u>\$ 11,407,908</u> | <u>141,789</u> | <u>791,810</u> | <u>10,757,887</u> | <u>702,276</u> |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE G - LONG-TERM LIABILITIES (Continued)

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

General Obligation Bonds

In March 2017, the City issued \$8,000,000 in General Obligation Bonds (Series 2017) due in varying amounts through March 1, 2037 with interest at 2% to 4%. The Series 2017 Bond will be used for street improvements. The balance outstanding at June 30, 2020 was \$7,125,000.

In December 2017, the City issued \$3,545,000 in General Obligation Bonds (Series 2017A) due in varying amounts through March 1, 2029 with interest rates at 2% to 3%. The Series 2017A Bonds consist of current serial bonds and capital appreciation bonds. These bonds refunded the 2009 General Obligation Bonds. The balance outstanding at June 30, 2020 was \$2,935,000.

Aggregate maturities required on general obligation bonds are as follows:

| <u>For The Years Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|------------------|-------------------|
| 2021 | \$ 600,000 | 358,925 | 958,925 |
| 2022 | 615,000 | 340,925 | 955,925 |
| 2023 | 635,000 | 322,475 | 957,475 |
| 2024 | 660,000 | 303,425 | 963,425 |
| 2025 | 680,000 | 280,225 | 960,225 |
| 2026 - 2030 | 3,360,000 | 1,030,625 | 4,390,625 |
| 2031 - 2035 | 2,405,000 | 514,975 | 2,919,975 |
| 2036 - 2037 | 1,105,000 | 66,800 | 1,171,800 |
| Total | <u>\$ 10,060,000</u> | <u>3,218,375</u> | <u>13,278,375</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 annually.

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE H - INSURANCE (Continued)

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 TRANSACTIONS

Due to/from other funds

Individual interfund assets and liabilities balances are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>June 30 2020</u> |
|--------------------------|--------------------------|-------------------------|
| General Fund | Capital Improvement Fund | \$ 125,120 |
| Capital Improvement Fund | Bond Fund | 70,275 |
| Debt Service Fund | General Fund | 608,808 |
| General Fund | Nonmajor Fund | 39,818 |
| Total | | \$ 844,021 |

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.

Transfer in/out

Interfund transfers were used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them. Total transfers for the year ended June 30, 2020 amounted to \$1,301 which moved amounts from the Bond Fund to the Capital Improvement Fund.

NOTE J - RESTRICTED NET POSITION

The government-wide statement of net position reports \$4,763,366 of restricted net position, \$1,900,218 of which is restricted by enabling legislation.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE K - COMMITMENTS AND CONTINGENCIES

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, the City believes the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE L - SUBSEQUENT EVENTS

As a result of COVID-19 coronavirus, the ongoing spread continues to lead to economic uncertainty. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time. In addition, the amount of tax collections after year-end and other factors could be significantly affected by the COVID-19 pandemic due to economic slowdown issues.

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, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|------------------------------------|--|---------------|------------------------------------|
| REVENUES | | | |
| Taxes | | | |
| Sales | \$ 1,623,960 | 1,510,193 | (113,767) |
| Proposition P | 453,763 | 575,639 | 121,876 |
| Real estate | 137,325 | 143,094 | 5,769 |
| Personal property | 31,092 | 30,798 | (294) |
| Motor vehicle | 200,210 | 143,770 | (56,440) |
| Railroad | 100,031 | 73,433 | (26,598) |
| Gasoline | 264,286 | 281,709 | 17,423 |
| Cigarette | 24,042 | 22,915 | (1,127) |
| Road and bridge | 71,885 | 68,591 | (3,294) |
| Total Taxes | 2,906,594 | 2,850,142 | (56,452) |
| Gross Receipts Taxes | | | |
| Utilities | 1,292,735 | 1,107,838 | (184,897) |
| Cable | 131,902 | 94,716 | (37,186) |
| Total Gross Receipts Taxes | 1,424,637 | 1,202,554 | (222,083) |
| Licenses | | | |
| Merchants | 55,000 | 29,759 | (25,241) |
| Liquor | 1,000 | 1,273 | 273 |
| Occupational | 2,250 | 3,906 | 1,656 |
| Manufacturers | 4,800 | - | (4,800) |
| Dog tags | 90 | 2 | (88) |
| Total Licenses | 63,140 | 34,940 | (28,200) |
| Permits and Inspections | | | |
| Building permits | 63,900 | 33,390 | (30,510) |
| Inspections | 25,000 | 16,430 | (8,570) |
| Total Permits And Inspections | 88,900 | 49,820 | (39,080) |
| Charges for Services | | | |
| Recreation programs | 94,600 | 47,034 | (47,566) |
| Meeting room rental | 12,000 | 6,581 | (5,419) |

(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, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|---|--|---------------|------------------------------------|
| REVENUES (Continued) | | | |
| Charges for Services (Continued) | | | |
| Snack bar | 8,200 | 4,355 | (3,845) |
| Special events | 13,000 | 10,672 | (2,328) |
| Other | 7,500 | 787 | (6,713) |
| Total Charges For Services | 135,300 | 69,429 | (65,871) |
| Fines and Forfeitures | | | |
| Court fines | 140,000 | 83,699 | (56,301) |
| Court costs | 10,000 | 8,189 | (1,811) |
| Bond forfeitures | - | 3,525 | 3,525 |
| Other | 14,600 | 16,392 | 1,792 |
| Total Fines And Forfeitures | 164,600 | 111,805 | (52,795) |
| Intergovernmental | - | 40,809 | 40,809 |
| Special Assessment | - | 5,391 | 5,391 |
| Investment Income | 8,700 | 2,094 | (6,606) |
| Other | 30,800 | 13,300 | (17,500) |
| Total Revenues | 4,822,671 | 4,380,284 | (442,387) |
| EXPENDITURES | | | |
| Administration | | | |
| Personnel costs: | | | |
| Salaries | 200,652 | 204,109 | 3,457 |
| Payroll tax | 15,350 | 14,814 | (536) |
| Total Personnel Costs | 216,002 | 218,923 | 2,921 |
| Employee insurance | 397,038 | 436,540 | 39,502 |
| Pension contribution | 36,403 | 28,601 | (7,802) |
| Utilities | 127,336 | 151,562 | 24,226 |
| Postage | 6,000 | 3,832 | (2,168) |
| Election costs | 7,500 | 5,705 | (1,795) |
| Supplies | 24,000 | 21,688 | (2,312) |

(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, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|-----------------------------------|--|---------------|------------------------------------|
| EXPENDITURES (Continued) | | | |
| Administration (Continued) | | | |
| Accounting | 21,000 | 17,500 | (3,500) |
| Legal fees | 102,000 | 57,795 | (44,205) |
| Insurance | 19,228 | - | (19,228) |
| Commission | 2,500 | 2,235 | (265) |
| Public notices | 1,000 | 334 | (666) |
| Advertising | 3,560 | 1,840 | (1,720) |
| Professional development | 18,300 | 17,873 | (427) |
| Miscellaneous | 81,637 | 96,518 | 14,881 |
| Total Administration | 1,063,504 | 1,060,946 | (2,558) |
| Building | | | |
| Personnel costs: | | | |
| Salaries | 135,517 | 109,595 | (25,922) |
| Payroll tax | 10,333 | 8,174 | (2,159) |
| Total Personnel Costs | 145,850 | 117,769 | (28,081) |
| Pension contribution | 4,535 | 3,157 | (1,378) |
| Insurance | 14,202 | 17,105 | 2,903 |
| Total Building | 164,587 | 138,031 | (26,556) |
| Police | | | |
| Personnel costs: | | | |
| Salaries | 2,079,678 | 1,826,369 | (253,309) |
| Payroll tax | 120,457 | 136,832 | 16,375 |
| Total Personnel Costs | 2,200,135 | 1,963,201 | (236,934) |
| Pension contribution | 236,601 | 244,381 | 7,780 |
| Insurance | 165,559 | 226,233 | 60,674 |
| Telephone | 5,500 | 3,586 | (1,914) |
| Uniforms | 14,000 | 13,674 | (326) |
| Office supplies | 12,109 | 9,644 | (2,465) |
| Miscellaneous | 38,668 | 24,750 | (13,918) |
| Prisoner detention | 1,000 | 105 | (895) |
| Equipment maintenance | 24,398 | 24,033 | (365) |

(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, 2020

| | <u>Original And Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|---------------------------------|--|------------------|------------------------------------|
| EXPENDITURES (Continued) | | | |
| Police (Continued) | | | |
| Fuel | 28,179 | 28,373 | 194 |
| Dispatch | 77,800 | 76,280 | (1,520) |
| Service contract | 31,720 | 32,617 | 897 |
| Total Police | <u>2,835,669</u> | <u>2,646,877</u> | <u>(188,792)</u> |
| Street | | | |
| Personnel costs: | | | |
| Salaries | 47,071 | 51,387 | 4,316 |
| Payroll tax | 3,589 | 3,524 | (65) |
| Total Personnel Costs | <u>50,660</u> | <u>54,911</u> | <u>4,251</u> |
| Pension contribution | 8,830 | 9,135 | 305 |
| Street lights | 210,196 | 180,521 | (29,675) |
| Fuel | 36,000 | 32,548 | (3,452) |
| Insurance | 23,136 | 24,579 | 1,443 |
| Miscellaneous | 300 | 12,373 | 12,073 |
| Uniforms | 2,000 | 1,657 | (343) |
| Total Street | <u>331,122</u> | <u>315,724</u> | <u>(15,398)</u> |
| Court | | | |
| Personnel costs: | | | |
| Salaries | 64,980 | 61,653 | (3,327) |
| Payroll tax | 4,955 | 3,736 | (1,219) |
| Total Personnel Costs | <u>69,935</u> | <u>65,389</u> | <u>(4,546)</u> |
| Pension contribution | 2,429 | 610 | (1,819) |
| Rejis | 11,760 | - | (11,760) |
| Insurance | 6,810 | 7,474 | 664 |
| Total Court | <u>90,934</u> | <u>73,473</u> | <u>(17,461)</u> |
| Recreation Center | | | |
| Personnel costs: | | | |
| Salaries | 375,909 | 266,319 | (109,590) |
| Payroll tax | 28,663 | 19,579 | (9,084) |
| Total Personnel Costs | <u>404,572</u> | <u>285,898</u> | <u>(118,674)</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, 2020

| | <u>Original And Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--------------------------------------|--|--------------------------|------------------------------------|
| EXPENDITURES (Continued) | | | |
| Recreation Center (Continued) | | | |
| Pension contribution | 20,667 | 7,717 | (12,950) |
| Insurance | 50,857 | 29,067 | (21,790) |
| Telephone | 3,200 | 1,543 | (1,657) |
| Supplies | 250 | 6,513 | 6,263 |
| Snack bar | 4,200 | 659 | (3,541) |
| Special events | 10,000 | 2,356 | (7,644) |
| Recreational programs | 26,000 | 13,462 | (12,538) |
| Miscellaneous | 9,500 | 6,181 | (3,319) |
| Total Recreation Center | <u>529,246</u> | <u>353,396</u> | <u>(175,850)</u> |
| Total Expenditures | <u>5,015,062</u> | <u>4,588,447</u> | <u>(426,615)</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ (192,391)</u></u> | <u>(208,163)</u> | <u><u>(15,772)</u></u> |
| FUND BALANCE, JULY 1 | | <u>1,040,817</u> | |
| FUND BALANCE, JUNE 30 | | <u><u>\$ 832,654</u></u> | |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|------------------------------------|--|---------------------|------------------------------------|
| REVENUES | | | |
| Taxes | \$ 732,829 | 704,411 | (28,418) |
| Grants | - | 14,518 | 14,518 |
| Investment income | 9,000 | 8,661 | (339) |
| Total Revenues | 741,829 | 727,590 | (14,239) |
| EXPENDITURES | | | |
| Administration | - | 49,075 | 49,075 |
| Administration - capital outlay | 35,009 | 15,159 | (19,850) |
| Police | 28,575 | 45,694 | 17,119 |
| Police - capital outlay | 176,877 | 145,949 | (30,928) |
| Street | 309,082 | 363,960 | 54,878 |
| Street - capital outlay | 111,943 | 62,375 | (49,568) |
| Recreation center | 142,734 | 135,326 | (7,408) |
| Recreation center - capital outlay | 200,739 | 99,331 | (101,408) |
| Total Expenditures | 1,004,959 | 916,869 | (88,090) |
| REVENUES UNDER EXPENDITURES | (263,130) | (189,279) | 73,851 |
| OTHER FINANCING SOURCES | | | |
| Insurance recoveries | - | 25,535 | 25,535 |
| Transfer in | - | 1,301 | 1,301 |
| Total Other Financing Sources | - | 26,836 | 26,836 |
| NET CHANGE IN FUND BALANCE | \$ (263,130) | (162,443) | 100,687 |
| FUND BALANCE, JULY 1 | | 1,597,330 | |
| FUND BALANCE, JUNE 30 | | \$ 1,434,887 | |

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, 2020

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 Mayor presents 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. Annually, the budget is approved and adopted by ordinance by the Board of Aldermen.
- c. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except for certain reimbursements of salaries are netted against expenditures in the Police Department. (This amounted to \$21,454 for the fiscal year ended June 30, 2020.) Expenditures may not legally exceed budgeted appropriations at the department level.
- d. The current year budget may include supplemental appropriations. An ordinance from the Board of Aldermen is required to amend budgeted amounts.
- e. Annual appropriated budgets are adopted for all governmental funds.

For the year ended June 30, 2020, the Debt Service Fund had expenditures exceeding appropriations by \$1,030. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future year's revenues.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------------|------------------------|------------------------|------------------------|-----------------------|------------------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 313,771 | 298,718 | 289,783 | 297,751 | 304,610 | 299,417 |
| Interest on the total pension liability | 1,219,189 | 1,131,036 | 1,072,204 | 1,085,812 | 1,016,170 | 985,396 |
| Difference between expected and actual experience | 264,064 | 749,812 | 330,450 | (759,657) | (245,736) | (178,919) |
| Changes of assumptions | - | - | - | - | 630,704 | - |
| Benefit payments, including refunds | (1,010,673) | (932,816) | (839,514) | (776,977) | (707,823) | (660,933) |
| Net Change In Total Pension Liability | <u>786,351</u> | <u>1,246,750</u> | <u>852,923</u> | <u>(153,071)</u> | <u>997,925</u> | <u>444,961</u> |
| Total Pension Liability Beginning | <u>17,158,748</u> | <u>15,911,998</u> | <u>15,059,075</u> | <u>15,212,146</u> | <u>14,214,221</u> | <u>13,769,260</u> |
| Total Pension Liability Ending (a) | <u>\$ 17,945,099</u> | <u>17,158,748</u> | <u>15,911,998</u> | <u>15,059,075</u> | <u>15,212,146</u> | <u>14,214,221</u> |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | \$ 272,244 | 299,678 | 308,280 | 294,285 | 316,774 | 331,332 |
| Net investment income | 247,244 | 1,196,537 | 2,108,360 | 1,723,360 | (28,528) | 300,876 |
| Benefit payments, including refunds | (1,010,673) | (932,816) | (839,514) | (776,977) | (707,823) | (660,933) |
| Administrative expense | (16,938) | (15,331) | (10,670) | (10,535) | (11,104) | (12,024) |
| Other changes | 196,301 | (45,082) | 730,593 | (294,418) | 169,296 | 72,282 |
| Net Change In Plan Fiduciary Net Position | <u>(311,822)</u> | <u>502,986</u> | <u>2,297,049</u> | <u>935,715</u> | <u>(261,385)</u> | <u>31,533</u> |
| Plan Fiduciary Net Position Beginning | <u>19,080,240</u> | <u>18,577,254</u> | <u>16,280,205</u> | <u>15,344,490</u> | <u>15,605,875</u> | <u>15,574,342</u> |
| Plan Fiduciary Net Position Ending (b) | <u>\$ 18,768,418</u> | <u>19,080,240</u> | <u>18,577,254</u> | <u>16,280,205</u> | <u>15,344,490</u> | <u>15,605,875</u> |
| Net Pension Liability (Asset) Ending (a)-(b) | <u>\$ (823,319)</u> | <u>(1,921,492)</u> | <u>(2,665,256)</u> | <u>(1,221,130)</u> | <u>(132,344)</u> | <u>(1,391,654)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 104.59 % | 111.20 | 116.75 | 108.11 | 100.87 | 109.79 |
| Covered Payroll (for February 28/29 Valuation) | \$ 2,442,493 | 2,504,479 | 2,390,313 | 2,391,504 | 2,483,202 | 2,591,495 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (33.71) % | (76.72) | (111.50) | (51.06) | (5.33) | (53.70) |

Note: 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 | | | | | | | | | |
|--|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Actuarially determined pension contribution | \$ 271,012 | 292,080 | 311,609 | 294,286 | 346,821 | 372,050 | 386,155 | 392,945 | 379,081 | 369,002 |
| Contributions in relation to the actuarially determined contribution | 271,012 | 292,080 | 308,623 | 294,286 | 316,774 | 331,333 | 307,876 | 291,266 | 267,380 | 236,985 |
| Contribution Deficiency | \$ - | - | 2,986 | - | 30,047 | 40,717 | 78,279 | 101,679 | 111,701 | 132,017 |
| Covered Payroll | \$ 2,326,431 | 2,546,342 | 2,432,351 | 2,384,722 | 2,544,802 | 2,571,924 | 2,501,379 | 2,579,917 | 2,597,315 | 2,544,840 |
| Contributions as a Percentage of Covered Payroll | 11.65 % | 11.47 | 12.69 | 12.34 | 12.45 | 12.88 | 12.31 | 11.29 | 10.29 | 9.31 |

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Multiple bases from 12 to 15 years
5 years smoothed market; 20% corridor
3.25% wage inflation; 2.50% price inflation
3.25% to 6.55% including wage inflation
7.25%, net of investment expenses
Experience-based table of rates that are specific to the type of eligibility condition
The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTAL INFORMATION SECTION

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, 2020

| | <u>Original And Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|-----------------------------------|--|--------------------------|------------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Real estate | \$ 818,095 | 772,794 | (45,301) |
| Personal property | 154,150 | 166,508 | 12,358 |
| Total Taxes | <u>972,245</u> | <u>939,302</u> | <u>(32,943)</u> |
| Investment income | 4,500 | 3,973 | (527) |
| Total Revenues | <u>976,745</u> | <u>943,275</u> | <u>(33,470)</u> |
| EXPENDITURES | | | |
| Principal | 585,000 | 585,000 | - |
| Interest | 373,624 | 374,654 | 1,030 |
| Total Expenditures | <u>958,624</u> | <u>959,654</u> | <u>1,030</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ 18,121</u></u> | <u>(16,379)</u> | <u><u>(34,500)</u></u> |
| FUND BALANCE, JULY 1 | | <u>708,987</u> | |
| FUND BALANCE, JUNE 30 | | <u><u>\$ 692,608</u></u> | |

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - BOND FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|-----------------------------------|--|-------------------|------------------------------------|
| REVENUES | | | |
| Investment income | \$ - | 8,073 | 8,073 |
| REVENUES OVER EXPENDITURES | - | 8,073 | 8,073 |
| OTHER FINANCING USES | | | |
| Transfer out | - | (1,301) | (1,301) |
| NET CHANGE IN FUND BALANCE | \$ - | 6,772 | 6,772 |
| FUND BALANCE, JULY 1 | | 857,197 | |
| FUND BALANCE, JUNE 30 | | \$ 863,969 | |

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, 2020

| | Original And Final Budget | Actual | Over (Under) Budget |
|-----------------------------------|--|----------------|------------------------------------|
| REVENUES | | | |
| Taxes | \$ 120,000 | 124,435 | 4,435 |
| Investment income | 1,200 | 2,501 | 1,301 |
| Total Revenues | 121,200 | 126,936 | 5,736 |
| EXPENDITURES | | | |
| Sewer lateral | 100,800 | 61,941 | (38,859) |
| NET CHANGE IN FUND BALANCE | \$ 20,400 | 64,995 | 44,595 |
| FUND BALANCE, JULY 1 | | 262,460 | |
| FUND BALANCE, JUNE 30 | | \$ 327,455 | |