
**CITY OF BELLEFONTAINE
NEIGHBORS, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2012

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
FINANCIAL REPORT

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

INDEPENDENT AUDITORS' REPORT

October 26, 2012

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

U.S. generally accepted accounting principles 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 U.S. generally accepted auditing standards, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The other supplemental information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

Net assets decreased by \$57,571 and fund balances decreased by \$928,357. This was primarily due to expenditures for street improvement. 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 \$2,476,190, a decrease of \$928,357 in comparison with the prior year. Approximately 78% of this amount (\$1,730,407) is available for spending at the government's discretion (*unassigned fund balance*).

The General Fund had a reduction in fund balances of \$126,048 and \$100,795 in the current and prior year, respectively. The City's budget had reflected an anticipated deficit of \$134,683 in the original budget and a deficit of \$181,381 in the final budget.

The Capital Improvement Fund had a reduction in fund balance of \$1,623 compared to an increase in fund balance of \$136,290 in the prior year. The reduction was primarily due to capital lease payments for police vehicles and one maintenance truck.

The Debt Service Fund had an increase in fund balance of \$35,566 compared to an increase of \$36,973 in the prior year.

The Sewer Lateral Fund had a reduction in fund balance of \$44,716 for the year. Sewer Lateral Fund revenue was \$122,674 and sewer repair costs were \$167,390.

The Capital Projects Fund had a reduction in fund balance of \$791,536 due to street and sidewalk repairs as well as improvements.

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2012

The statement of activities presents information showing how the City's net assets 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 on long-term debt. The City does not have any business-type activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 Capital Projects 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, Capital Projects Fund, and Debt Service Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental funds financial statements can be found on pages 10 through 14 of this report.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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. The fiduciary fund financial statement can be found on page 15 of this report.

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 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.

A condensed version of the statement of net assets follows:

	June 30	
	2012	2011
ASSETS		
Cash and other current assets	\$ 3,126,964	4,587,960
Capital assets	<u>7,627,475</u>	<u>7,113,754</u>
Total Assets	<u>10,754,439</u>	<u>11,701,714</u>
LIABILITIES		
Current liabilities	249,486	864,611
Long-term liabilities	<u>5,367,557</u>	<u>5,642,136</u>
Total Liabilities	<u>5,617,043</u>	<u>6,506,747</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,651,318	2,527,224
Restricted	486,151	471,460
Unrestricted	<u>1,999,927</u>	<u>2,196,283</u>
Total Net Assets	<u>\$ 5,137,396</u>	<u>5,194,967</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets exceeded liabilities by \$5,137,396 at June 30, 2012.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

A portion of the City's net assets (38%) may be used to meet the City's ongoing obligations to citizens and creditors. Additionally, a portion of the City's governmental activities net assets (\$486,151) represents resources that are subject to external restrictions on how they may be used.

The remaining portion of the City's net assets 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	
	2012	2011
REVENUES		
Program revenues:		
Charges for services	\$ 975,650	867,464
Operating grants and contributions	574,059	684,376
Capital grants and contributions	40,245	313,175
General revenues	<u>4,325,674</u>	<u>4,294,586</u>
Total Revenues	<u>5,915,628</u>	<u>6,159,601</u>
EXPENSES		
General government	823,065	1,435,310
Building	172,655	145,479
Police	2,740,725	2,327,731
Street	1,130,150	982,412
Recreation center	811,470	727,987
Court	107,289	92,960
Interest on long-term debt	<u>187,845</u>	<u>213,522</u>
Total Expenses	<u>5,973,199</u>	<u>5,925,401</u>
CHANGE IN NET ASSETS	(57,571)	234,200
NET ASSETS, JULY 1	<u>5,194,967</u>	<u>4,960,767</u>
NET ASSETS, JUNE 30	<u>\$5,137,396</u>	<u>5,194,967</u>

SIGNIFICANT CHANGES IN NETS ASSETS

Revenues decreased by 4% from the previous year while expenses increased by 0.8% from the previous year accounting for the reduction in net assets of \$57,571.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund exceeded projections during 2012 mainly due to administrative and court expenditures coming in lower than expected. The total revenue variance was favorable by 0.4% and the expenditures variance was favorable by 0.4%. The City increased the original budgeted revenues by \$247,602 mainly due to increased court fines and increased expenditures by \$294,300 due to anticipated expenditures for street improvements and police.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The City has invested, net of accumulated depreciation, \$7,627,475 at June 30, 2012, in a broad range of capital assets, including land, buildings, vehicles, equipment and infrastructure. This amount represents a net increase of \$513,721 for the current fiscal year (including additions and deductions).

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

	June 30	
	2012	2011
Land	\$ 467,275	467,275
Buildings	202,516	183,354
Vehicles	317,893	358,684
Equipment	954,472	1,078,951
Infrastructure	<u>5,685,319</u>	<u>5,025,490</u>
Total Capital Assets	<u>\$7,627,475</u>	<u>7,113,754</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$4,976,157 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$162,753.

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 ASSETS****JUNE 30, 2012**

	Governmental Activities
ASSETS	
Cash	\$ 45,946
Investments	1,753,094
Receivables:	
Municipal taxes	544,485
Court, net of allowance	221,142
Gross receipts taxes	115,597
Other	91,820
Prepaid items	259,632
Deferred charges	95,248
Capital assets:	
Land	467,275
Other capital assets, net of accumulated depreciation	7,160,200
Total Assets	<u>10,754,439</u>
LIABILITIES	
Accounts payable	73,290
Accrued interest payable	64,672
Accrued payroll	65,165
Telephone taxes in protest	18,038
Other liabilities	28,321
Noncurrent liabilities:	
Due within one year	250,688
Due in more than one year	4,888,222
Due in more than one year - net pension obligation	228,647
Total Liabilities	<u>5,617,043</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,651,318
Restricted for:	
Debt service	212,414
Sewer lateral	97,893
Capital improvements	124,526
Federal forfeitures	48,235
Police Training	3,083
Unrestricted	<u>1,999,927</u>
Total Net Assets	<u>\$ 5,137,396</u>

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues			Net Revenues (Expenses) And Change In Net Assets
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
General government	\$ 823,065	-	37,421	-	(785,644)
Building	172,655	54,560	-	-	(118,095)
Police	2,740,725	617,495	52,132	40,245	(2,030,853)
Street	1,130,150	121,699	484,506	-	(523,945)
Recreation center	811,470	181,896	-	-	(629,574)
Court	107,289	-	-	-	(107,289)
Interest on long-term debt	187,845	-	-	-	(187,845)
Total Governmental Activities	\$ 5,973,199	975,650	574,059	40,245	(4,383,245)
General Revenues					
Property taxes					732,370
Sales taxes					2,078,260
Gross receipts taxes					1,392,847
Licenses					44,909
Investment income					18,192
Miscellaneous					59,096
Total General Revenues					4,325,674
CHANGE IN NET ASSETS					(57,571)
NET ASSETS, JULY 1					5,194,967
NET ASSETS, JUNE 30					\$ 5,137,396

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 45,921	-	-	-	25	45,946
Investments	1,338,465	100,673	213,455	-	100,501	1,753,094
Receivables:						
Municipal taxes	325,281	96,515	121,400	-	1,289	544,485
Court, net of allowance	221,142	-	-	-	-	221,142
Gross receipts taxes	115,597	-	-	-	-	115,597
Other	91,820	-	-	-	-	91,820
Due from other funds	82,162	-	-	-	-	82,162
Prepaid items	259,632	-	-	-	-	259,632
 Total Assets	 <u>\$ 2,480,020</u>	 <u>197,188</u>	 <u>334,855</u>	 <u>-</u>	 <u>101,815</u>	 <u>3,113,878</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 73,290	-	-	-	-	73,290
Accrued payroll	56,204	8,961	-	-	-	65,165
Due to other funds	-	63,701	14,539	-	3,922	82,162
Telephone taxes in protest	18,038	-	-	-	-	18,038
Other liabilities	28,321	-	-	-	-	28,321
Deferred revenues	262,810	-	107,902	-	-	370,712
Total Liabilities	<u>438,663</u>	<u>72,662</u>	<u>122,441</u>	<u>-</u>	<u>3,922</u>	<u>637,688</u>
Fund Balances						
Nonspendable:						
Prepaid items	259,632	-	-	-	-	259,632
Restricted for:						
Debt service	-	-	212,414	-	-	212,414
Sewer lateral	-	-	-	-	97,893	97,893
Police training	3,083	-	-	-	-	3,083
Federal forfeitures	48,235	-	-	-	-	48,235
Capital improvement	-	124,526	-	-	-	124,526
Unassigned	1,730,407	-	-	-	-	1,730,407
Total Fund Balances	<u>2,041,357</u>	<u>124,526</u>	<u>212,414</u>	<u>-</u>	<u>97,893</u>	<u>2,476,190</u>
Total Liabilities And Fund Balances	<u>\$ 2,480,020</u>	<u>197,188</u>	<u>334,855</u>	<u>-</u>	<u>101,815</u>	<u>3,113,878</u>

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds	\$ 2,476,190
Amounts reported for governmental activities in the statement of net assets 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 \$14,363,208 and the accumulated depreciation is \$6,735,733.	7,627,475
Property taxes and municipal court receivables are assessed by the City, but the amount not collected as of August 31, 2012 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	370,712
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:	
Unamortized bond issuance costs	95,248
Accrued interest payable	(64,672)
Accrued compensated absences	(162,753)
Net pension obligation	(228,647)
General obligation bonds	<u>(4,976,157)</u>
Total Net Assets Of Governmental Activities	<u><u>\$ 5,137,396</u></u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 2,132,887	653,824	436,905	-	121,699	3,345,315
Gross receipts taxes	1,392,847	-	-	-	-	1,392,847
Licenses	44,909	-	-	-	-	44,909
Permits and inspections	54,560	-	-	-	-	54,560
Recreation center	181,896	-	-	-	-	181,896
Fines and forfeitures	610,979	-	-	-	-	610,979
Miscellaneous	7,162	-	1,278	51,434	-	59,874
Investment income	7,254	2,618	500	6,067	975	17,414
Grants	133,347	-	-	-	1,755	135,102
Total Revenues	<u>4,565,841</u>	<u>656,442</u>	<u>438,683</u>	<u>57,501</u>	<u>124,429</u>	<u>5,842,896</u>
EXPENDITURES						
Current:						
Administration	637,046	-	-	901	-	637,947
Building	168,113	-	-	-	-	168,113
Police	2,643,931	21,679	-	-	-	2,665,610
Street	617,670	61,331	-	-	-	679,001
Court	107,289	-	-	-	-	107,289
Recreation center	491,852	247,221	-	-	-	739,073
Sewer lateral	-	-	-	-	167,390	167,390
Habilitation	-	-	-	-	1,755	1,755
Capital outlay	25,988	126,948	-	848,136	-	1,001,072
Debt service:						
Principal	-	191,087	205,000	-	-	396,087
Interest	-	9,799	198,117	-	-	207,916
Total Expenditures	<u>4,691,889</u>	<u>658,065</u>	<u>403,117</u>	<u>849,037</u>	<u>169,145</u>	<u>6,771,253</u>
NET CHANGE IN FUND BALANCE	(126,048)	(1,623)	35,566	(791,536)	(44,716)	(928,357)
FUND BALANCES (DEFICIT), JULY 1	<u>2,167,405</u>	<u>126,149</u>	<u>176,848</u>	<u>791,536</u>	<u>142,609</u>	<u>3,404,547</u>
FUND BALANCES, JUNE 30	<u>\$ 2,041,357</u>	<u>124,526</u>	<u>212,414</u>	<u>-</u>	<u>97,893</u>	<u>2,476,190</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, 2012

Net Change In Fund Balances - Governmental Funds \$ (928,357)

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

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 expenses. This is the amount by which capital outlays over the capitalization threshold totaling \$953,059 exceeded depreciation \$439,338 in the current period. 513,721

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 78,036

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 assets. Also the governmental funds report the effect of issuance costs, 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, net	(1,971)
General obligation bond payments	205,000
Capital lease payments	191,087

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	(22,678)
Accrued interest on debt	12,243
Accrued net pension obligation	(104,652)
	(104,652)

Change In Net Assets Of Governmental Activities \$ (57,571)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND
JUNE 30, 2012

ASSETS		
Cash		\$ 38,508
LIABILITIES		
Due to others		<u>38,508</u>
NET ASSETS		<u><u>\$ -</u></u>

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 assets 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.

Capital Projects Fund -- The Capital Projects Fund is used to account for bond proceeds and the related expenditures for street and sidewalk improvements.

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

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

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 (Continued)

3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 or business-type activities columns 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$221,142 of the municipal court fines outstanding to be uncollectible.

12. Deferred Revenue

Included in the fund financial statements in deferred revenue are property tax revenues (\$149,570) and municipal court fines (\$221,142) which are not collected within 60 days following the end of the current period.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Restricted -- The portion of fund balance that is constrained to specific purposes through constitutional provisions or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action 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 has designated authority.

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

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

14. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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.

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

1. Deposits (Continued)

As of June 30, 2012, 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, 2012, 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	\$ 1,753,094	1,753,094	-	-	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.

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

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

	For The Year Ended June 30, 2012			Balance June 30 2012
	Balance June 30 2011	Additions And Transfers	Retirements And Transfers	
Capital assets not being depreciated:				
Land	\$ 467,275	-	-	467,275
Total Capital Assets Not Being Depreciated	467,275	-	-	467,275
Capital assets being depreciated:				
Buildings	4,692,992	27,866	-	4,720,858
Vehicles	969,364	60,076	63,291	966,149
Equipment	2,239,712	6,532	-	2,246,244
Infrastructure	5,104,097	858,585	-	5,962,682
Total Capital Assets Being Depreciated	13,006,165	953,059	63,291	13,895,933
Less - Accumulated Depreciation for:				
Buildings	4,509,638	8,704	-	4,518,342
Vehicles	610,680	100,867	63,291	648,256
Equipment	1,160,761	131,011	-	1,291,772
Infrastructure	78,607	198,756	-	277,363
Total Accumulated Depreciation	6,359,686	439,338	63,291	6,735,733
Total Capital Assets Being Depreciated, Net	6,646,479	513,721	-	7,160,200
Governmental Activities Capital Assets, Net	<u>\$ 7,113,754</u>	<u>513,721</u>	<u>-</u>	<u>7,627,475</u>

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

	For The Year Ended June 30, 2012
General government	\$ 28,452
Police	71,412
Building	4,542
Recreation center	72,397
Street	<u>262,535</u>
Total	<u>\$439,338</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN

1. Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Sections 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 it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 10.8% (General) and 10.0% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The City's APC and NPO for the current year were as follows:

	For The Year Ended June 30 2012
	2012
Annual required contribution (ARC)	\$ 362,201
Interest on NPO	8,990
Adjustment to ARC	(6,841)
APC	364,350
Actual contributions	259,698
Increase in NPO	104,652
NPO, beginning of year	123,995
NPO, End Of Year	\$ 228,647

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

3. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Continued)

The ARC was determined as part of the February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women; and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2010 was 30 years for the General division and 30 years for the Police division.

4. Trend Information

Three-year Trend Information

For The Plan Years Ended <u>June 30</u>	<u>APC</u>	<u>Percentage Of APC Contributed</u>	<u>NPO</u>
2012	\$364,350	71.3%	\$228,647
2011	353,262	64.9	123,995
2010	196,928	100.0	-

Schedule of Funding Progress - Required Supplemental Information

For The Actuarial Valuation Years Ended <u>February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>
2012	\$5,634,956	\$6,675,152	\$1,040,196
2011	5,717,447	6,768,031	1,050,584
2010	5,082,151	6,026,606	944,455

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

4. Trend Information (Continued)

For The Actuarial Valuation Years Ended <u>February 28/29</u>	Funded Ratio	Annual Covered Payroll	Unfunded Accrued Liability As A Percentage Of Covered Payroll
2012	84%	\$2,410,578	43%
2011	84	2,389,022	44
2010	84	2,367,805	40

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City, MO.

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 \$7,800 for the year ended June 30, 2012.

NOTE F - DEFERRED COMPENSATION PLANS

The City participates in deferred compensation plans under Internal Revenue Code Section 457. The plans, available to all City employees, permit 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 plans comply 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 plans are not included in the accompanying financial statements.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM LIABILITIES

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

	For The Year Ended June 30, 2012				Due Within One Year
	Balance June 30 2011	Additions	Payment And Amortization	Balance June 30 2012	
General obligation bonds	\$ 5,110,000	-	205,000	4,905,000	210,000
Plus - Premium on bonds	76,979	-	5,822	71,157	-
Capital lease	191,087	-	191,087	-	-
Compensated absences	140,075	96,190	73,512	162,753	40,688
Total	<u>\$ 5,518,141</u>	<u>96,190</u>	<u>475,421</u>	<u>5,138,910</u>	<u>250,688</u>

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 are being used for infrastructure improvements.

Aggregate maturities required on general obligation bonds are as follows:

For The Years Ended June 30	Principal	Interest	Total
2013	\$ 210,000	194,018	404,018
2014	215,000	189,818	404,818
2015	215,000	184,711	399,711
2016	230,000	178,799	408,799
2017	240,000	167,299	407,299
2018 - 2022	1,365,000	669,201	2,034,201
2023 - 2027	1,660,000	380,128	2,040,128
2028 - 2029	770,000	50,687	820,687
Total	<u>\$ 4,905,000</u>	<u>2,014,661</u>	<u>6,919,661</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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, 2012.

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:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30</u> <u>2012</u>
General Fund	Capital Improvement Fund	\$63,701
General Fund	Nonmajor Funds	3,922
General Fund	Debt Service Fund	<u>14,539</u>
Total		<u>\$82,162</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 fiscal year ending June 30, 2013.

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$486,151 of restricted net assets, \$273,737 of which is restricted by enabling legislation.

NOTE L - FEDERAL FORFEITURE ACTIVITY

The City's beginning balance of \$23,329 in the federal forfeiture account was increased by revenues of \$40,245 and decreased by expenditures of \$15,539, leaving an ending balance of \$48,235.

NOTE M - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63) establishes guidelines for the reporting of deferred outflows of resources, deferred inflows of resources, and net position in the financial statements. GASB 63 will be effective for the City for the year ending June 30, 2013.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,345,349	1,345,349	1,394,404	49,055
Real estate	121,387	121,387	158,722	37,335
Personal property	26,914	26,914	26,493	(421)
Motor vehicle	116,692	116,692	113,591	(3,101)
Railroad	10,000	35,000	38,730	3,730
Gasoline	317,176	317,176	286,768	(30,408)
Cigarette	31,609	31,609	30,032	(1,577)
Road and bridge	95,303	95,303	84,147	(11,156)
Total Taxes	<u>2,064,430</u>	<u>2,089,430</u>	<u>2,132,887</u>	<u>43,457</u>
Gross Receipts Taxes				
Utilities	1,358,640	1,358,640	1,321,494	(37,146)
Cable	82,620	82,620	71,353	(11,267)
Total Gross Receipts Taxes	<u>1,441,260</u>	<u>1,441,260</u>	<u>1,392,847</u>	<u>(48,413)</u>
Licenses				
Merchants	37,000	37,000	35,228	(1,772)
Liquor	1,800	1,800	1,650	(150)
Occupational	3,000	3,000	3,260	260
Manufacturers	-	-	1,978	1,978
Dog tags	400	400	406	6
Miscellaneous	3,600	3,600	2,387	(1,213)
Total Licenses	<u>45,800</u>	<u>45,800</u>	<u>44,909</u>	<u>(891)</u>
Permits and Inspections				
Building permits	40,625	40,626	39,870	(756)
Inspections	14,930	14,930	14,690	(240)
Total Permits And Inspections	<u>55,555</u>	<u>55,556</u>	<u>54,560</u>	<u>(996)</u>
Recreation Center				
Recreation programs	117,066	117,066	121,396	4,330
Meeting room rental	11,331	11,331	11,860	529

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (Continued)				
Recreation Center				
Snack bar	13,668	13,668	14,415	747
Special events	17,219	17,219	18,954	1,735
Miscellaneous	2,863	14,864	15,271	407
Total Recreation Center	<u>162,147</u>	<u>174,148</u>	<u>181,896</u>	<u>7,748</u>
Fines and Forfeitures				
Court receipts	69,059	84,059	83,626	(433)
Police fines	378,146	483,146	483,755	609
Bond forfeitures	20,572	35,572	36,310	738
Other	8,133	8,133	7,288	(845)
Total Fines And Forfeitures	<u>475,910</u>	<u>610,910</u>	<u>610,979</u>	<u>69</u>
Miscellaneous	<u>1,800</u>	<u>1,800</u>	<u>7,162</u>	<u>5,362</u>
Investment Income	<u>16,200</u>	<u>16,200</u>	<u>7,254</u>	<u>(8,946)</u>
Grants	<u>-</u>	<u>75,600</u>	<u>95,269</u>	<u>19,669</u>
Total Revenues	<u>4,263,102</u>	<u>4,510,704</u>	<u>4,527,763</u>	<u>17,059</u>
EXPENDITURES				
Administration				
Personnel costs:				
Salaries	187,213	187,213	187,199	(14)
Payroll tax	14,322	14,322	13,615	(707)
Total Personnel Costs	<u>201,535</u>	<u>201,535</u>	<u>200,814</u>	<u>(721)</u>
Employee insurance	362,522	56,647	17,092	(39,555)
Pension contribution	262,904	24,600	20,650	(3,950)
Utilities	118,475	118,475	117,894	(581)
Postage	5,319	5,319	5,232	(87)
Election costs	3,500	3,500	2,435	(1,065)
Supplies	29,338	29,338	31,930	2,592
Accounting	13,000	13,000	13,050	50

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Administration (Continued)				
Legal fees	59,252	59,252	60,860	1,608
Insurance	18,014	18,014	14,746	(3,268)
Commission	2,734	2,734	4,340	1,606
Public notices	728	728	447	(281)
Office equipment maintenance	12,000	12,000	24,586	12,586
Advertising	1,500	1,500	2,095	595
Professional development	12,620	12,620	11,718	(902)
Storm damage	-	56,300	56,300	-
Miscellaneous	47,612	47,612	52,857	5,245
Total Administration	<u>1,151,053</u>	<u>663,174</u>	<u>637,046</u>	<u>(26,128)</u>
Building				
Personnel costs:				
Salaries	112,302	119,302	119,804	502
Payroll tax	8,591	8,591	13,994	5,403
Total Personnel Costs	<u>120,893</u>	<u>127,893</u>	<u>133,798</u>	<u>5,905</u>
Employee insurance	-	17,760	13,927	(3,833)
Pension contribution	-	13,836	11,548	(2,288)
Insurance	8,762	8,762	8,762	-
Miscellaneous	-	-	78	78
Total Building	<u>129,655</u>	<u>168,251</u>	<u>168,113</u>	<u>(138)</u>
Police				
Personnel costs:				
Salaries	1,562,979	1,712,979	1,680,031	(32,948)
Payroll tax	119,568	119,568	120,045	477
Total Personnel Costs	<u>1,682,547</u>	<u>1,832,547</u>	<u>1,800,076</u>	<u>(32,471)</u>
Employee insurance	-	186,552	206,681	20,129
Pension contribution	-	145,320	191,755	46,435
Telephone	7,500	7,500	6,781	(719)
Insurance	121,942	121,942	121,942	-
Uniforms	18,500	18,500	11,384	(7,116)
Office supplies	8,000	8,000	6,819	(1,181)
Miscellaneous	13,693	46,693	20,233	(26,460)
Prisoner detention	25,000	25,000	22,840	(2,160)

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Police (Continued)				
Equipment maintenance	26,325	26,325	25,248	(1,077)
Fuel	55,000	55,000	61,389	6,389
Dispatch	58,812	58,812	60,037	1,225
Service contract	73,689	73,689	70,668	(3,021)
Capital outlay	-	16,000	15,539	(461)
Total Police	<u>2,091,008</u>	<u>2,621,880</u>	<u>2,621,392</u>	<u>(488)</u>
Street				
Personnel costs:				
Salaries	260,782	260,782	251,982	(8,800)
Payroll tax	19,950	19,950	17,157	(2,793)
Total Personnel Costs	<u>280,732</u>	<u>280,732</u>	<u>269,139</u>	<u>(11,593)</u>
Employee insurance	-	36,960	47,935	10,975
Pension contribution	-	28,800	29,860	1,060
Fringe benefit - capital improvement	-	10,086	2,596	(7,490)
Street lights	158,000	176,000	173,971	(2,029)
Fuel	55,000	64,000	66,273	2,273
Insurance	23,446	23,446	23,446	-
Telephone	3,600	3,600	3,208	(392)
Uniforms	5,000	5,000	930	(4,070)
Miscellaneous	300	300	312	12
Capital outlay	-	-	10,449	10,449
Total Street	<u>526,078</u>	<u>628,924</u>	<u>628,119</u>	<u>(805)</u>
Court				
Personnel costs:				
Salaries	83,539	83,539	79,786	(3,753)
Payroll tax	6,391	6,391	6,895	504
Total Personnel Costs	<u>89,930</u>	<u>89,930</u>	<u>86,681</u>	<u>(3,249)</u>
Employee insurance	-	11,940	3,392	(8,548)
Pension contribution	-	9,300	10,698	1,398
Insurance	6,518	6,518	6,518	-
Total Court	<u>96,448</u>	<u>117,688</u>	<u>107,289</u>	<u>(10,399)</u>

(Continued)

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Recreation Center				
Personnel costs:				
Salaries	258,134	258,134	252,484	(5,650)
Payroll tax	19,747	19,747	17,725	(2,022)
Total Personnel Costs	<u>277,881</u>	<u>277,881</u>	<u>270,209</u>	<u>(7,672)</u>
Employee insurance	-	36,504	19,907	(16,597)
Pension contribution	-	28,428	30,715	2,287
Fringe benefit - capital improvement	-	18,693	18,770	77
Telephone	1,769	1,769	1,984	215
Insurance	36,140	36,140	36,149	9
Supplies	9,243	9,243	6,879	(2,364)
Equipment maintenance	32,603	37,603	58,366	20,763
Snack bar	6,630	6,630	8,853	2,223
Special events	18,039	18,039	16,745	(1,294)
Recreational programs	14,493	14,493	13,400	(1,093)
Miscellaneous	6,745	6,745	9,875	3,130
Total Recreation Center	<u>403,543</u>	<u>492,168</u>	<u>491,852</u>	<u>(316)</u>
Total Expenditures	<u>4,397,785</u>	<u>4,692,085</u>	<u>4,653,811</u>	<u>(38,274)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (134,683)</u></u>	<u><u>(181,381)</u></u>	<u>(126,048)</u>	<u>55,333</u>
FUND BALANCE, JULY 1			<u>2,167,405</u>	
FUND BALANCE, JUNE 30			<u><u>\$ 2,041,357</u></u>	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Taxes	\$ 600,000	600,000	653,824	53,824
Miscellaneous	12,000	-	-	-
Investment income	2,000	2,000	2,618	618
Total Revenues	<u>614,000</u>	<u>602,000</u>	<u>656,442</u>	<u>54,442</u>
EXPENDITURES				
Administration - capital outlay	6,000	6,000	5,782	(218)
Police	23,950	23,950	21,679	(2,271)
Police - capital outlay	180,865	180,865	14,750	(166,115)
Street	77,558	77,558	61,331	(16,227)
Street - capital outlay	115,272	115,272	78,550	(36,722)
Recreation center	216,835	216,835	247,221	30,386
Recreation center - capital outlay	91,000	91,000	27,866	(63,134)
Debt service:				
Principal	-	-	191,087	191,087
Interest	-	-	9,799	9,799
Total Expenditures	<u>711,480</u>	<u>711,480</u>	<u>658,065</u>	<u>(53,415)</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ (97,480)</u>	<u>(109,480)</u>	(1,623)	<u>107,857</u>
FUND BALANCE, JULY 1			<u>126,149</u>	
FUND BALANCE, JUNE 30			<u>\$ 124,526</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, 2012

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 U.S. generally accepted accounting principles, except:
 - i. For capital leases, the other financing source and related capital outlay are not budgeted
 - ii. Certain reimbursement of salaries are netted against expense in the Police Department.
This amounted to \$38,078 for the fiscal year ended June 30, 2012.
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.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special		
	Revenue Funds		
	Sewer		
	Lateral	Habilitation	Total
ASSETS			
Cash	\$ -	25	25
Investments	100,501	-	100,501
Receivables:			
Municipal taxes	1,289	-	1,289
Total Assets	<u>\$ 101,790</u>	<u>25</u>	<u>101,815</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 3,897	25	3,922
Fund Balances			
Restricted for:			
Sewer lateral	97,893	-	97,893
Total Liabilities And Fund Balances	<u>\$ 101,790</u>	<u>25</u>	<u>101,815</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special		
	Revenue Funds		
	Sewer		
	Lateral	Habilitation	Total
REVENUES			
Taxes	\$ 121,699	-	121,699
Investment income	975	-	975
Grants	-	1,755	1,755
Total Revenues	<u>122,674</u>	<u>1,755</u>	<u>124,429</u>
EXPENDITURES			
Habilitation	-	1,755	1,755
Sewer lateral	167,390		167,390
Total Expenditures	<u>167,390</u>	<u>1,755</u>	<u>169,145</u>
NET CHANGE IN FUND BALANCES	(44,716)	-	(44,716)
FUND BALANCES, JULY 1	<u>142,609</u>	<u>-</u>	<u>142,609</u>
FUND BALANCES, JUNE 30	<u>\$ 97,893</u>	<u>-</u>	<u>97,893</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 124,000	121,699	(2,301)
Investment income	3,000	975	(2,025)
Total Revenues	127,000	122,674	(4,326)
EXPENDITURES			
Sewer lateral	193,100	167,390	(25,710)
NET CHANGE IN FUND BALANCE	\$ (66,100)	(44,716)	21,384
FUND BALANCE, JULY 1		142,609	
FUND BALANCE, JUNE 30		\$ 97,893	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate	\$ -	378,000	372,686	(5,314)
Personal property	-	63,000	64,219	1,219
Total taxes	-	441,000	436,905	(4,095)
Miscellaneous income	-	-	500	500
Investment income	-	1,665	1,278	(387)
Total Revenues	-	442,665	438,683	(3,982)
EXPENDITURES				
Principal	-	205,000	205,000	-
Interest	-	199,066	198,117	(949)
Total Expenditures	-	404,066	403,117	(949)
NET CHANGE IN FUND BALANCE	\$ -	38,599	35,566	(3,033)
FUND BALANCE, JULY 1			176,848	
FUND BALANCE, JUNE 30			\$ 212,414	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous contract modification	\$ -	-	51,434	51,434
Investment income	-	8,382	6,067	(2,315)
Total Revenues	<u>-</u>	<u>8,382</u>	<u>57,501</u>	<u>49,119</u>
EXPENDITURES				
Administration	-	800	901	101
Capital outlay	-	852,000	848,136	(3,864)
Total Expenditures	<u>-</u>	<u>852,800</u>	<u>849,037</u>	<u>(3,763)</u>
NET CHANGE IN FUND				
BALANCE	<u>\$ -</u>	<u>(844,418)</u>	<u>(791,536)</u>	<u>1,448</u>
FUND BALANCE, JULY 1			<u>791,536</u>	
FUND BALANCE, JUNE 30			<u>\$ -</u>	