
**CITY OF BELLEFONTAINE
NEIGHBORS, MISSOURI**

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2014

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Net Position - Agency Fund	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTAL INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund - Budget Basis	30
Capital Improvement Fund	35
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	36
OTHER SUPPLEMENTAL INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Sewer Lateral Fund	38
Debt Service Fund	39



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

INDEPENDENT AUDITOR'S REPORT

November 10, 2014

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, 2014, 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, 2014, 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.

Required Supplemental Information

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

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

Net position increased by \$808,039 and fund balances increased by \$346,757. This was primarily due to an increase in court fines and reduced expenditures for street improvements. The fund balances are adequate for the City to operate efficiently and provide service to its citizens.

At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$2,958,749, an increase of \$346,757 in comparison with the prior year. Approximately 55% of this amount (\$1,615,802) is available for spending at the government's discretion (unassigned fund balance).

The General Fund had changes in fund balances of \$114,471 and (\$115,789) in the current and prior year, respectively. The City's budget had reflected an anticipated deficit of \$156,112 in the original budget and a deficit of \$156,614 in the final budget.

The Capital Improvement Fund had increases in fund balance of \$218,913 and \$272,714 in the current and prior year, respectively. The increase was primarily due to reduced capital outlay expenditures.

The Debt Service Fund had an increase in fund balance of \$25,487 and \$49,150 in the current and prior year, respectively. The increase was primarily due to tax revenue being in excess of debt service payments.

The Sewer Lateral Fund had reductions in fund balance of \$12,114 and \$20,273 in the current and prior year, respectively. Sewer Lateral Fund revenue was \$120,365 and sewer repair costs were \$132,479.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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 9 and 10 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 Habilitation Fund, all of which are considered to be major funds.

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

The governmental funds financial statements can be found on pages 11 through 14 of this report.

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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 position follows:

	June 30	
	2014	2013
ASSETS		
Cash and other current assets	\$ 3,829,422	3,451,944
Capital assets	<u>7,721,049</u>	<u>7,468,765</u>
Total Assets	<u>11,550,471</u>	<u>10,920,709</u>
LIABILITIES		
Current liabilities	473,598	491,113
Long-term liabilities	<u>5,036,530</u>	<u>5,197,292</u>
Total Liabilities	<u>5,510,128</u>	<u>5,688,405</u>
NET POSITION		
Net investment in capital assets	3,181,536	2,708,430
Restricted	1,075,941	879,908
Unrestricted	<u>1,782,866</u>	<u>1,643,966</u>
Total Net Position	<u>\$ 6,040,343</u>	<u>5,232,304</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets exceeded liabilities by \$6,040,343 at June 30, 2014.

A portion of the City's net position (30%) may be used to meet the City's ongoing obligations to citizens and creditors. Additionally, a portion of the City's governmental activities net position (\$1,075,941) 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, 2014

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	
	2014	2013
REVENUES		
Program revenues:		
Charges for services	\$1,620,240	1,117,575
Operating grants and contributions	2,305,516	758,696
Capital grants and contributions	474,124	133,335
General revenues	<u>4,418,298</u>	<u>4,358,557</u>
Total Revenues	<u>8,818,178</u>	<u>6,368,163</u>
 EXPENSES		
General government	3,149,579	1,467,913
Building	171,847	162,284
Police	2,461,129	2,482,237
Street	1,185,833	1,015,365
Recreation center	768,995	752,597
Court	90,463	110,817
Interest on long-term debt	<u>182,293</u>	<u>186,794</u>
Total Expenses	<u>8,010,139</u>	<u>6,178,007</u>
 CHANGE IN NET POSITION	 808,039	 190,156
 NET POSITION, JULY 1	 <u>5,232,304</u>	 <u>5,042,148</u>
 NET POSITION, JUNE 30	 <u>\$6,040,343</u>	 <u>5,232,304</u>

SIGNIFICANT CHANGE IN NET POSITION

Revenues increased by 37% from the previous year while expenses increased by 30% from the previous year accounting for the increase in net position of \$808,039.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund exceeded projections during 2014 mainly due to street expenditures coming in lower than expected and court fines coming in higher than expected. The total revenue variance was favorable by 3.8% and the expenditures variance was favorable by 2.6%. The City increased the original budgeted expenditures by \$102,500.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The City has invested, net of accumulated depreciation, \$7,721,049 at June 30, 2014, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$252,284 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>2014</u>	<u>2013</u>
Land	\$ 467,275	467,275
Construction in progress	160,722	131,936
Buildings	231,401	236,912
Vehicles	207,331	217,027
Equipment	783,467	879,052
Infrastructure	<u>5,870,853</u>	<u>5,536,563</u>
Total Capital Assets	<u>\$7,721,049</u>	<u>7,468,765</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$4,539,513 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$115,599.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bellefontaine Neighbors, Missouri, Office of the City Clerk, 9641 Bellefontaine Road, Bellefontaine Neighbors, MO 63137.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 158,779
Investments	2,177,969
Receivables:	
Municipal taxes	687,519
Court, net of allowance	207,361
Intergovernmental	162,562
Interest	2,836
Gross receipts taxes	126,039
Special assessments	74,952
Prepaid items	231,405
Capital assets:	
Land and construction in progress	627,997
Other capital assets, net of accumulated depreciation	7,093,052
Total Assets	<u>11,550,471</u>
LIABILITIES	
Accounts payable	278,933
Accrued interest payable	61,570
Accrued payroll	92,876
Telephone taxes in protest	35,076
Other liabilities	5,143
Noncurrent liabilities:	
Due within one year	301,699
Due in more than one year	4,353,413
Due in more than one year - net pension obligation	381,418
Total Liabilities	<u>5,510,128</u>
NET POSITION	
Net investment in capital assets	3,181,536
Restricted for:	
Debt service	411,640
Sewer lateral	65,506
Capital improvements	566,153
Federal forfeitures	24,298
Police training	8,344
Unrestricted	<u>1,782,866</u>
Total Net Position	<u>\$ 6,040,343</u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		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	\$ 3,149,579	-	1,754,795	-	(1,394,784)
Building	171,847	74,661	-	-	(97,186)
Police	2,461,129	1,179,374	76,232	11,280	(1,194,243)
Street	1,185,833	194,992	474,489	462,844	(53,508)
Recreation center	768,995	171,213	-	-	(597,782)
Court	90,463	-	-	-	(90,463)
Interest on long-term debt	182,293	-	-	-	(182,293)
Total Governmental Activities	\$ 8,010,139	1,620,240	2,305,516	474,124	(3,610,259)
 General Revenues					
Property taxes					630,711
Sales taxes					2,247,191
Gross receipts taxes					1,449,568
Licenses					48,677
Investment income					11,320
Other					30,831
Total General Revenues					4,418,298
 CHANGE IN NET POSITION					808,039
 NET POSITION, JULY 1					5,232,304
 NET POSITION, JUNE 30					\$ 6,040,343

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Habilitation</u>	<u>Nonmajor Sewer Lateral</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 158,754	-	-	25	-	158,779
Investments	1,294,675	521,380	272,635	-	89,279	2,177,969
Receivables:						
Taxes	424,953	122,646	139,005	-	915	687,519
Gross receipts taxes	126,039	-	-	-	-	126,039
Court fines, net of allowance	207,361	-	-	-	-	207,361
Intergovernmental	93,354	-	-	69,208	-	162,562
Interest	2,836	-	-	-	-	2,836
Special assessments	74,952	-	-	-	-	74,952
Due from other funds	43,900	-	-	-	-	43,900
Prepaid items	231,405	-	-	-	-	231,405
	<u>231,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,405</u>
Total Assets	<u>\$ 2,658,229</u>	<u>644,026</u>	<u>411,640</u>	<u>69,233</u>	<u>90,194</u>	<u>3,873,322</u>
LIABILITIES						
Accounts payable	\$ 159,725	50,000	-	69,208	-	278,933
Accrued payroll	84,190	8,686	-	-	-	92,876
Due to other funds	-	19,187	-	25	24,688	43,900
Telephone taxes in protest	35,076	-	-	-	-	35,076
Other liabilities	5,143	-	-	-	-	5,143
	<u>5,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,143</u>
Total Liabilities	<u>284,134</u>	<u>77,873</u>	<u>-</u>	<u>69,233</u>	<u>24,688</u>	<u>455,928</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Court fines	207,361	-	-	-	-	207,361
Property taxes	51,743	-	124,589	-	-	176,332
Special assessments	74,952	-	-	-	-	74,952
	<u>334,056</u>	<u>-</u>	<u>124,589</u>	<u>-</u>	<u>-</u>	<u>458,645</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	231,405	-	-	-	-	231,405
Restricted for:						
Debt service	-	-	287,051	-	-	287,051
Sewer lateral	-	-	-	-	65,506	65,506
Police training	8,344	-	-	-	-	8,344
Federal forfeitures	24,298	-	-	-	-	24,298
Capital improvement	-	566,153	-	-	-	566,153
Assigned for subsequent year's budget	160,190	-	-	-	-	160,190
Unassigned	1,615,802	-	-	-	-	1,615,802
	<u>1,615,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615,802</u>
Total Fund Balances	<u>2,040,039</u>	<u>566,153</u>	<u>287,051</u>	<u>-</u>	<u>65,506</u>	<u>2,958,749</u>
	<u>\$ 2,658,229</u>	<u>644,026</u>	<u>411,640</u>	<u>69,233</u>	<u>90,194</u>	<u>3,873,322</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances						

See notes to financial statements

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances - Governmental Funds	\$ 2,958,749
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$15,260,213 and the accumulated depreciation is \$7,539,164.	7,721,049
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, 2014 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	458,645
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(61,570)
Accrued compensated absences	(115,599)
Net pension obligation	(381,418)
General obligation bonds	(4,539,513)
	(5,087,100)
Total Net Position Of Governmental Activities	\$ 6,040,343

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Habilitation</u>	<u>Nonmajor Sewer Lateral</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 2,218,769	693,018	429,554	-	120,040	3,461,381
Gross receipts taxes	1,449,568	-	-	-	-	1,449,568
Licenses	48,677	-	-	-	-	48,677
Permits and inspections	74,661	-	-	-	-	74,661
Recreation center	171,213	-	-	-	-	171,213
Fines and forfeitures	1,218,842	-	-	-	-	1,218,842
Intergovernmental	591,005	-	-	1,714,146	-	2,305,151
Special assessment	13,781	-	-	-	-	13,781
Investment income	7,881	2,189	925	-	325	11,320
Other	28,350	-	-	-	-	28,350
Total Revenues	<u>5,822,747</u>	<u>695,207</u>	<u>430,479</u>	<u>1,714,146</u>	<u>120,365</u>	<u>8,782,944</u>
EXPENDITURES						
Current:						
Administration	1,325,612	-	-	-	-	1,325,612
Building	167,305	-	-	-	-	167,305
Police	2,332,604	30,568	-	-	-	2,363,172
Street	543,117	86,432	-	-	-	629,549
Court	90,463	-	-	-	-	90,463
Recreation center	481,070	195,046	-	-	-	676,116
Sewer lateral	-	-	-	-	132,479	132,479
Habilitation	-	-	-	1,714,146	-	1,714,146
Special assessments	88,733	-	-	-	-	88,733
Capital outlay	679,372	164,248	-	-	-	843,620
Debt service:						
Principal	-	-	215,000	-	-	215,000
Interest	-	-	189,992	-	-	189,992
Total Expenditures	<u>5,708,276</u>	<u>476,294</u>	<u>404,992</u>	<u>1,714,146</u>	<u>132,479</u>	<u>8,436,187</u>
NET CHANGE IN FUND BALANCE	114,471	218,913	25,487	-	(12,114)	346,757
FUND BALANCES, JULY 1	<u>1,925,568</u>	<u>347,240</u>	<u>261,564</u>	<u>-</u>	<u>77,620</u>	<u>2,611,992</u>
FUND BALANCES, JUNE 30	<u>\$ 2,040,039</u>	<u>566,153</u>	<u>287,051</u>	<u>-</u>	<u>65,506</u>	<u>2,958,749</u>

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, 2014

Net Change In Fund Balances - Governmental Funds	\$ 346,757
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capitalization threshold of \$760,314 exceeded the amount of depreciation of \$508,030 in the current period.</p>	
	252,284
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	46,534
<p>The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>	
Amortization of premium	5,822
General obligation bond payments	215,000
<p>Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:</p>	
Accrued compensated absences	4,023
Accrued interest on debt	1,702
Accrued net pension obligation	(64,083)
	808,039
Change In Net Position Of Governmental Activities	\$ <u><u>808,039</u></u>

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
JUNE 30, 2014

ASSETS

Cash	\$ 61,645
------	-----------

LIABILITIES

Due to others	<u>61,645</u>
---------------	---------------

NET POSITION

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

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

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

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following fiduciary fund:

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

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and Investments

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

5. Prepaid Items

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

6. Capital Assets

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

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

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

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

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

7. Encumbrances

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Due To/From Other Funds

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

9. Compensated Absences

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

10. Property Taxes

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

11. Allowance for Doubtful Accounts

Management believes accounts receivable for taxes and grants to be fully collectible; accordingly, no allowance for doubtful accounts is needed. Management estimates 50% or \$207,361 of the municipal court fines outstanding to be uncollectible.

12. Grant Revenue

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

13. Fund Balances

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

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balances (Continued)

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

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

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

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

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

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

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 has no items that qualify for reporting in this category.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: 1) property taxes, 2) court revenue, and 3) special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Use of Estimates

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

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, 2014, 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, 2014, 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	\$ 2,177,969	2,177,969	-	-	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 invest-

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

ment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City invests operating funds primarily in shorter-term securities.

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

NOTE C - CAPITAL ASSETS

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

	For The Year Ended June 30, 2014			Balance June 30 2014
	Balance June 30 2013	Additions	Retirements	
Capital assets not being depreciated:				
Land	\$ 467,275	-	-	467,275
Construction in progress	131,936	583,661	554,875	160,722
Total Capital Assets Not Being Depreciated	599,211	583,661	554,875	627,997
Capital assets being depreciated:				
Buildings	4,767,036	6,719	-	4,773,755
Vehicles	966,149	113,964	114,404	965,709
Equipment	2,269,225	55,970	-	2,325,195
Infrastructure	6,012,682	554,875	-	6,567,557
Total Capital Assets Being Depreciated	14,015,092	731,528	114,404	14,632,216
Less - Accumulated Depreciation for:				
Buildings	4,530,124	12,230	-	4,542,354
Vehicles	749,122	123,660	114,404	758,378
Equipment	1,390,173	151,555	-	1,541,728
Infrastructure	476,119	220,585	-	696,704
Total Accumulated Depreciation	7,145,538	508,030	114,404	7,539,164
Total Capital Assets Being Depreciated, Net	6,869,554	223,498	-	7,093,052
Governmental Activities Capital Assets, Net	\$ 7,468,765	807,159	554,875	7,721,049

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended June 30 <u>2014</u>
General government	\$ 34,716
Building	4,542
Police	81,725
Street	306,947
Recreation center	<u>80,100</u>
Total	<u>\$508,030</u>

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

Full-time employees of the City do not contribute to the pension plan. The June 30 statutorily required contribution rates are 12.8% (General) and 12.0% (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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

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 2014
	2014
Annual required contribution (ARC)	\$ 366,611
Interest on NPO	23,007
Adjustment to ARC	(19,415)
APC	370,203
Actual contributions	306,120
Increase in NPO	64,083
NPO, beginning of year	317,335
NPO, End Of Year	\$ 381,418

The ARC was determined as part of the February 29, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 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 29, 2012 was 30 years for the General division and 30 years for the Police division.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

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>
2014	\$370,203	82.7%	\$381,418
2013	375,564	76.4	317,335
2012	364,350	71.3	228,647

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>
2014	\$6,056,778	\$6,536,555	\$ 479,777
2013	6,433,068	7,164,239	731,171
2012	5,634,956	6,675,152	1,040,196

For The Actuarial Valuation Years Ended <u>February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Accrued Liability As A Percentage Of Covered Payroll</u>
2014	93%	\$2,483,524	19%
2013	90	2,618,070	28
2012	84	2,410,578	43

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - DEFINED CONTRIBUTION PLAN

The City has a defined contribution retirement plan funded through the Security Benefit Group of Companies. The plan was established by an ordinance of the Board of Aldermen through a plan agreement dated July 1, 2001. All full-time employees are eligible to participate in the plan after six months of service. Pursuant to the plan's provisions, the City is obligated to match 100% of the employee's contribution up to \$50 per month. Contributions are fully vested immediately. Contributions to the plan amounted to \$40,671 for the year ended June 30, 2014.

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, 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 plan 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 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, 2014				
	Balance June 30 2013	Additions	Reductions	Balance June 30 2014	Due Within One Year
General obligation bonds	\$ 4,695,000	-	215,000	4,480,000	215,000
Plus - premium on bonds	65,335	-	5,822	59,513	-
Compensated absences	119,622	170,212	174,235	115,599	86,699
Total	<u>\$ 4,879,957</u>	<u>170,212</u>	<u>395,057</u>	<u>4,655,112</u>	<u>301,699</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 were used for infrastructure improvements.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - LONG-TERM LIABILITIES (Continued)

Aggregate maturities required on general obligation bonds are as follows:

For The Years Ended June 30	Principal	Interest	Total
2015	\$ 215,000	184,711	399,711
2016	230,000	178,799	408,799
2017	240,000	167,299	407,299
2018	250,000	155,299	405,299
2019	265,000	142,799	407,799
2020 - 2024	1,475,000	562,521	2,037,521
2025 - 2029	<u>1,805,000</u>	<u>239,399</u>	<u>2,044,399</u>
Total	<u>\$ 4,480,000</u>	<u>1,630,827</u>	<u>6,110,827</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, 2014.

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.

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2014</u>
General Fund	Capital Improvement Fund	\$19,187
General Fund	Habilitation Fund	25
General Fund	Nonmajor Fund	<u>24,688</u>
Total		<u>\$43,900</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, 2014.

NOTE J - RELATED PARTY TRANSACTION

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

NOTE K - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,075,941 of restricted net position, \$664,301 of which is restricted by enabling legislation.

NOTE L - FINES AND COURT COSTS FOR TRAFFIC VIOLATIONS

RSMo 302.341.2 requires an accounting of the percentage of annual fines and court costs for traffic violations, including amended charges from any charged traffic violation, occurring within the City to total general operating revenue, to be included in the annual financial report. For 2014, the amount was determined based on the City's court system reports. During the year, the amount of fines, forfeitures and court costs for traffic violations, general operating revenue, and related percent amounted to \$1,062,148, \$4,759,277, and 22.3%, respectively, which is below the threshold of 30% identified in RSMo 302.341.2.

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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales	\$ 1,437,007	1,437,007	1,525,990	88,983
Real estate	158,000	158,000	126,751	(31,249)
Personal property	28,000	28,000	23,704	(4,296)
Motor vehicle	116,317	116,317	126,842	10,525
Railroad	25,000	25,000	39,652	14,652
Gasoline	280,803	280,803	276,948	(3,855)
Cigarette	27,697	27,697	28,183	486
Road and bridge	89,000	89,000	70,699	(18,301)
Total Taxes	<u>2,161,824</u>	<u>2,161,824</u>	<u>2,218,769</u>	<u>56,945</u>
Gross Receipts Taxes				
Utilities	1,347,000	1,346,998	1,358,815	11,817
Cable	78,000	78,000	90,753	12,753
Total Gross Receipts Taxes	<u>1,425,000</u>	<u>1,424,998</u>	<u>1,449,568</u>	<u>24,570</u>
Licenses				
Merchants	35,000	35,000	39,640	4,640
Liquor	1,800	1,800	1,650	(150)
Occupational	3,000	3,000	6,835	3,835
Manufacturers	1,000	1,000	25	(975)
Dog tags	400	400	402	2
Other	1,600	1,600	125	(1,475)
Total Licenses	<u>42,800</u>	<u>42,800</u>	<u>48,677</u>	<u>5,877</u>
Permits and Inspections				
Building permits	58,363	58,363	53,281	(5,082)
Inspections	16,637	16,637	21,380	4,743
Total Permits And Inspections	<u>75,000</u>	<u>75,000</u>	<u>74,661</u>	<u>(339)</u>
Recreation Center				
Recreation programs	119,528	119,528	116,201	(3,327)
Meeting room rental	11,860	11,860	10,643	(1,217)
Snack bar	14,388	14,388	12,051	(2,337)

(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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (Continued)				
Recreation Center (Continued)				
Special events	18,954	18,954	17,721	(1,233)
Other	15,271	15,271	14,597	(674)
Total Recreation Center	<u>180,001</u>	<u>180,001</u>	<u>171,213</u>	<u>(8,788)</u>
Fines and Forfeitures				
Court receipts	89,000	108,500	150,442	41,942
Police fines	767,134	849,634	1,012,337	162,703
Bond forfeitures	36,000	36,000	45,540	9,540
Other	7,866	7,866	10,523	2,657
Total Fines And Forfeitures	<u>900,000</u>	<u>1,002,000</u>	<u>1,218,842</u>	<u>216,842</u>
Intergovernmental	<u>640,000</u>	<u>640,000</u>	<u>514,773</u>	<u>(125,227)</u>
Special assessment	<u>-</u>	<u>-</u>	<u>13,781</u>	<u>13,781</u>
Investment Income	<u>6,000</u>	<u>6,000</u>	<u>7,881</u>	<u>1,881</u>
Other	<u>2,000</u>	<u>2,000</u>	<u>28,350</u>	<u>26,350</u>
Total Revenues	<u>5,432,625</u>	<u>5,534,623</u>	<u>5,746,515</u>	<u>211,892</u>
EXPENDITURES				
Administration				
Personnel costs:				
Salaries	288,140	194,140	189,625	(4,515)
Payroll tax	22,043	22,043	13,822	(8,221)
Total Personnel Costs	<u>310,183</u>	<u>216,183</u>	<u>203,447</u>	<u>(12,736)</u>
Employee insurance	360,292	390,292	377,710	(12,582)
Pension contribution	277,200	312,200	363,163	50,963
Utilities	132,362	132,362	126,401	(5,961)
Postage	5,712	5,712	7,200	1,488
Election costs	1,000	1,000	4,245	3,245
Supplies	29,953	29,953	34,085	4,132

(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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Administration (Continued)				
Accounting	16,000	16,000	17,136	1,136
Legal fees	64,539	67,039	78,214	11,175
Insurance	14,978	14,978	21,163	6,185
Commission	4,320	4,320	4,235	(85)
Public notices	340	340	724	384
Office equipment maintenance	16,000	16,000	17,571	1,571
Advertising	4,700	4,700	6,400	1,700
Professional development	14,000	14,000	17,208	3,208
Miscellaneous	57,530	57,530	46,710	(10,820)
Total Administration	<u>1,309,109</u>	<u>1,282,609</u>	<u>1,325,612</u>	<u>43,003</u>
Building				
Personnel costs:				
Salaries	122,467	147,467	147,640	173
Payroll tax	9,369	9,369	10,857	1,488
Total Personnel Costs	<u>131,836</u>	<u>156,836</u>	<u>158,497</u>	<u>1,661</u>
Insurance	9,768	9,768	8,808	(960)
Total Building	<u>141,604</u>	<u>166,604</u>	<u>167,305</u>	<u>701</u>
Police				
Personnel costs:				
Salaries	1,731,632	1,731,632	1,675,102	(56,530)
Payroll tax	138,105	138,105	128,458	(9,647)
Total Personnel Costs	<u>1,869,737</u>	<u>1,869,737</u>	<u>1,803,560</u>	<u>(66,177)</u>
Insurance	133,705	133,705	128,174	(5,531)
Telephone	7,900	7,900	8,848	948
Uniforms	13,000	13,000	22,924	9,924
Office supplies	8,500	8,500	8,388	(112)
Miscellaneous	13,663	13,663	25,254	11,591
Prisoner detention	25,000	40,000	39,197	(803)
Equipment maintenance	31,525	31,525	25,293	(6,232)
Fuel	65,000	65,000	54,548	(10,452)
Dispatch	66,798	66,798	63,416	(3,382)
Service contract	78,897	78,897	76,770	(2,127)
Capital outlay	-	34,000	41,744	7,744
Total Police	<u>2,313,725</u>	<u>2,362,725</u>	<u>2,298,116</u>	<u>(64,609)</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, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Street				
Personnel costs:				
Salaries	282,604	247,604	243,681	(3,923)
Payroll tax	21,619	21,619	17,427	(4,192)
Total Personnel Costs	<u>304,223</u>	<u>269,223</u>	<u>261,108</u>	<u>(8,115)</u>
Street lights	200,738	200,738	194,122	(6,616)
Fuel	65,000	65,000	57,618	(7,382)
Insurance	23,816	23,816	25,023	1,207
Telephone	3,186	3,186	3,389	203
Uniforms	2,000	2,000	1,775	(225)
Miscellaneous	300	300	82	(218)
Capital outlay	761,400	821,400	637,628	(183,772)
Total Street	<u>1,360,663</u>	<u>1,385,663</u>	<u>1,180,745</u>	<u>(204,918)</u>
Court				
Personnel costs:				
Salaries	83,603	83,603	76,000	(7,603)
Payroll tax	6,396	6,396	5,787	(609)
Total Personnel Costs	<u>89,999</u>	<u>89,999</u>	<u>81,787</u>	<u>(8,212)</u>
Insurance	6,857	6,857	6,481	(376)
Supplies	-	-	2,195	2,195
Total Court	<u>96,856</u>	<u>96,856</u>	<u>90,463</u>	<u>(6,393)</u>
Recreation Center				
Personnel costs:				
Salaries	230,916	260,916	301,497	40,581
Payroll tax	17,665	17,665	22,374	4,709
Total Personnel Costs	<u>248,581</u>	<u>278,581</u>	<u>323,871</u>	<u>45,290</u>
Insurance	36,458	36,458	33,996	(2,462)
Telephone	1,911	1,911	3,774	1,863
Supplies	12,035	12,035	13,723	1,688
Equipment maintenance	20,000	20,000	63,100	43,100
Snack bar	7,193	7,193	7,050	(143)
Special events	18,545	18,545	13,633	(4,912)

(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, 2014

	Budget		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Recreation Center (Continued)				
Recreational programs	12,914	12,914	11,085	(1,829)
Miscellaneous	9,143	9,143	10,838	1,695
Total Recreation Center	366,780	396,780	481,070	84,290
Total Expenditures	5,588,737	5,691,237	5,543,311	(147,926)
 REVENUES OVER (UNDER)				
EXPENDITURES	(156,112)	(156,614)	203,204	359,818
Special Assessment - Unbudgeted	-	-	(88,733)	88,733
 NET CHANGE IN FUND BALANCE	\$ (156,112)	(156,614)	114,471	271,085
 FUND BALANCE, JULY 1			1,925,568	
 FUND BALANCE, JUNE 30			\$ 2,040,039	

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 625,000	693,018	68,018
Investment income	1,200	2,189	989
Total Revenues	626,200	695,207	69,007
EXPENDITURES			
Administration - capital outlay	26,411	24,769	(1,642)
Police	23,950	30,568	6,618
Police - capital outlay	15,650	15,389	(261)
Street	67,494	86,432	18,938
Street - capital outlay	106,000	85,680	(20,320)
Recreation center	231,448	195,046	(36,402)
Recreation center - capital outlay	68,000	38,410	(29,590)
Total Expenditures	538,953	476,294	(62,659)
NET CHANGE IN FUND BALANCE	\$ 87,247	218,913	131,666
FUND BALANCE, JULY 1		347,240	
FUND BALANCE, JUNE 30		\$ 566,153	

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, 2014

Budgets and Budgetary Accounting

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

- a. Prior to July 1, the Budget Committee submits to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearing meetings are held to obtain taxpayer comments.
- c. Prior to July 1, the budget is adopted by the Board of Aldermen.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except certain reimbursements of salaries are netted against expense in the Police Department. (This amounted to \$76,232 for the fiscal year ended June 30, 2014) and certain special assessment transactions are not budgeted. 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 - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 124,000	120,040	(3,960)
Investment income	600	325	(275)
Total Revenues	124,600	120,365	(4,235)
EXPENDITURES			
Sewer lateral	133,100	132,479	(621)
NET CHANGE IN FUND BALANCE	\$ (8,500)	(12,114)	(3,614)
FUND BALANCE, JULY 1		77,620	
FUND BALANCE, JUNE 30		\$ 65,506	

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, 2014

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes:			
Real estate	\$ 400,000	345,160	(54,840)
Personal property	45,000	84,394	39,394
Total Taxes	445,000	429,554	(15,446)
Investment income	1,200	925	(275)
Total Revenues	446,200	430,479	(15,721)
EXPENDITURES			
Principal	215,000	215,000	-
Interest	187,264	189,992	2,728
Total Expenditures	402,264	404,992	2,728
NET CHANGE IN FUND BALANCE	\$ 43,936	25,487	(18,449)
FUND BALANCE, JULY 1		261,564	
FUND BALANCE, JUNE 30		\$ 287,051	

**CITY OF BELLEFONTAINE
NEIGHBORS, MISSOURI**

**REPORT ON FEDERAL AWARDS
(Audited)**

Year Ended June 30, 2014

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
REPORT ON FEDERAL AWARDS

	Page
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings	7



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

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

INDEPENDENT AUDITOR'S REPORT

November 10, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI** (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 10, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of

- 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

deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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


CERTIFIED PUBLIC ACCOUNTANTS



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

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

INDEPENDENT AUDITOR'S REPORT

November 10, 2014

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the **CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI's** (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

- 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

Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 10, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Missouri Department of Economic Development:			
Community Development Block Grant	14.228	2008-DI-45	<u>\$1,714,146</u>
U.S. Department of Justice			
Federal Equitable Sharing	16.922	-	7,461
Missouri Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-LLEBG-101	<u>9,000</u>
Total U.S. Department Of Justice			<u>16,461</u>
U.S. Department of Transportation			
Missouri Department of Transportation:			
Highway Planning and Construction	20.205	STP-5422(614)	404,120
Highway Planning and Construction	20.205	STP-5422(615)	47,063
Highway Planning and Construction	20.205	BRM-5611(602)	<u>15,747</u>
Total Highway Planning And Construction			<u>466,930</u>
U.S. Department of Homeland Security			
Missouri Emergency Management			
Disaster Grants - Public Assistance	97.036	PW#408	<u>14,798</u>
Total Awards Expended			<u>\$2,212,335</u>

NOTES:

1. General

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

2. Basis of Accounting

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

CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of the auditor's results:

A. Financial Statements:

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

B. Federal Awards:

- | | |
|---|--------------------------------------|
| 1. Internal control over major programs: | |
| a) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes <u> X </u> None reported |
| c) Type of auditor's report issued on compliance for major programs: | Unmodified |
| d) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | _____ Yes <u> X </u> No |
| e) Identification of major programs: | |

CFDA Number(s)

Name Of Federal Program Or Cluster

14.228
20.205

Community Development Block Grant
Highway Planning and Construction

- | | |
|---|---------------------------|
| f) Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| g) Auditee qualified as low-risk auditee? | _____ Yes <u> X </u> No |

II. Financial statement findings: None

III. Federal award findings and questioned costs: None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

N/A