



**CITY OF BELLEFONTAINE  
NEIGHBORS, MISSOURI**

**FINANCIAL REPORT**  
(Audited)

Year Ended June 30, 2016

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**FINANCIAL REPORT**

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

## INDEPENDENT AUDITOR'S REPORT

December 15, 2016

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, 2016, 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

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

### *Other Information*

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

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

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 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, 2016

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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, 2016. It should be read in conjunction with the City's financial statements (attached).

### FINANCIAL HIGHLIGHTS

Net position increased by \$328,696 and fund balances decreased by \$280,692. This was primarily due to a decrease in court fines. 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 \$2,657,086. Approximately 39% of this amount (\$1,038,793) is available for spending at the government's discretion (unassigned fund balance).

The General Fund had decreases in fund balances of \$399,640 and \$264,983 in the current and prior year, respectively. The City's budget had reflected an anticipated a deficit of \$217,606 in the original budget and a deficit of \$613,606 in the final budget.

The Capital Improvement Fund had increases in fund balance of \$90,124 and \$189,839 in the current and prior year, respectively. The increase was primarily due to reduced non-grant related capital outlay expenditures.

The Debt Service Fund had changes in fund balance of (\$4,468) and \$14,815 in the current and prior year, respectively. The decrease was primarily due to debt service payments being in excess of tax revenue.

The Sewer Lateral Fund had an increase in fund balance of \$33,292 and \$39,358 in the current and prior year, respectively. Sewer Lateral Fund revenue was \$121,259 and sewer repair costs were \$87,967.

### 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, 2016**

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. It should be noted that the City does not have any proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

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

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

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

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

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**CONDENSED FINANCIAL STATEMENTS**

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

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

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current and other assets	\$ 3,440,990	5,083,241
Capital assets	<u>8,286,556</u>	<u>7,907,587</u>
Total Assets	<u>11,727,546</u>	<u>12,990,828</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>1,914,672</u>	 <u>654,937</u>
 <b>LIABILITIES</b>		
Other liabilities	354,091	483,105
Long-term liabilities	<u>4,339,131</u>	<u>4,695,794</u>
Total Liabilities	<u>4,693,222</u>	<u>5,178,899</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>292,583</u>	 <u>139,149</u>
 <b>NET POSITION</b>		
Net investment in capital assets	4,076,676	3,341,210
Restricted	1,471,130	1,317,273
Unrestricted	<u>3,108,607</u>	<u>3,669,234</u>
Total Net Position	<u>\$ 8,656,413</u>	<u>8,327,717</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,656,413 at June 30, 2016.

The City's unrestricted net position of \$3,108,607 (36%) 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 (\$1,471,130) 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, 2016**

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:

	<b>For The Years</b>	
	<b>Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 782,998	992,543
Operating grants and contributions	769,720	1,627,623
Capital grants and contributions	753,292	140,497
General revenues	<u>4,406,576</u>	<u>4,390,754</u>
Total Revenues	<u>6,712,586</u>	<u>7,151,417</u>
<b>EXPENSES</b>		
General government	1,412,912	2,156,581
Building	176,331	179,104
Police	2,706,202	2,683,279
Street	1,046,439	999,751
Recreation center	778,891	748,054
Court	86,248	96,019
Interest on long-term debt	<u>176,867</u>	<u>187,755</u>
Total Expenses	<u>6,383,890</u>	<u>7,050,543</u>
<b>CHANGE IN NET POSITION</b>	<u>328,696</u>	<u>100,874</u>
NET POSITION, JULY 1	8,327,717	6,040,343
RESTATEMENT - PENSION	<u>-</u>	<u>2,186,500</u>
NET POSITION, JULY 1, AS RESTATED	<u>8,327,717</u>	<u>8,226,843</u>
<b>NET POSITION, JUNE 30</b>	<u>\$8,656,413</u>	<u>8,327,717</u>

**SIGNIFICANT CHANGE IN NET POSITION**

Revenues decreased by 6% from the previous year while expenses decreased by 9% from the previous year accounting for the increase in net position of \$328,696.

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund exceeded projections during 2016 mainly due to administration and police expenditures coming in lower than expected and sales tax coming in higher than expected. The total revenue variance was unfavorable by 2.8% and the expenditures variance was unfavorable by 4.6%. The City decreased the original budgeted revenues by \$20,679 and increased expenditures by \$270,583.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

The City has invested, net of accumulated depreciation, \$8,286,556 at June 30, 2016, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$378,969 for the current fiscal year (including additions and deductions).

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

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 496,775	467,275
Construction in progress	33,396	349,329
Buildings	277,577	293,685
Vehicles	377,399	456,702
Equipment	670,609	688,662
Infrastructure	<u>6,430,800</u>	<u>5,651,934</u>
Total Capital Assets	<u>\$8,286,556</u>	<u>7,907,587</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$4,082,869, a capital lease in the amount of \$127,011 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$129,251.

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, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 199,511
Investments	1,894,502
Receivables:	
Municipal taxes	651,121
Court, net of allowance	109,485
Intergovernmental	10,603
Gross receipts taxes	129,427
Special assessments	67,386
Prepaid items	246,611
Net pension asset	132,344
Capital assets:	
Land and construction in progress	530,171
Other capital assets, net of accumulated depreciation	7,756,385
Total Assets	11,727,546
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension related	1,914,672
<b>LIABILITIES</b>	
Accounts payable	153,083
Accrued interest payable	61,323
Accrued payroll	129,490
Other liabilities	10,195
Noncurrent liabilities:	
Due within one year	483,337
Due in more than one year	3,855,794
Total Liabilities	4,693,222
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pension related	292,583
<b>NET POSITION</b>	
Net investment in capital assets	4,076,676
Restricted for:	
Debt service	424,939
Sewer lateral	138,156
Capital improvements	846,116
Federal forfeitures	61,899
Police training	20
Unrestricted	3,108,607
Total Net Position	\$ 8,656,413

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

		<b>Program Revenues</b>			<b>Net Revenues (Expenses) And Change In Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Charges For Services</b>	<b>Operating Grants And Contributions</b>	<b>Capital Grants And Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities</b>					
General government	\$ 1,412,912	-	223,984	29,500	(1,159,428)
Building	176,331	75,157	-	-	(101,174)
Police	2,706,202	412,105	50,117	79,971	(2,164,009)
Street	1,046,439	121,087	495,619	566,811	137,078
Recreation center	778,891	174,649	-	77,010	(527,232)
Court	86,248	-	-	-	(86,248)
Interest on long-term debt	176,867	-	-	-	(176,867)
Total Governmental Activities	\$ 6,383,890	782,998	769,720	753,292	(4,077,880)
<b>General Revenues</b>					
Property taxes					609,326
Sales taxes					2,380,576
Gross receipts taxes					1,353,495
Licenses					43,850
Investment income					11,192
Other					8,137
Total General Revenues					4,406,576
<b>CHANGE IN NET POSITION</b>					328,696
<b>NET POSITION, JULY 1</b>					8,327,717
<b>NET POSITION, JUNE 30</b>					\$ 8,656,413

See notes to financial statements

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Habilitation</u>	<u>Nonmajor Sewer Lateral</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 199,511	-	-	-	-	199,511
Investments	774,845	831,542	222,463	-	65,652	1,894,502
Receivables:						
Taxes	399,476	113,069	138,576	-	-	651,121
Gross receipts taxes	129,427	-	-	-	-	129,427
Court fines, net of allowance	109,485	-	-	-	-	109,485
Intergovernmental	-	10,603	-	-	-	10,603
Special assessments	67,386	-	-	-	-	67,386
Due from other funds	38,129	-	63,900	-	72,504	174,533
Prepaid items	246,611	-	-	-	-	246,611
Total Assets	<u>\$ 1,964,870</u>	<u>955,214</u>	<u>424,939</u>	<u>-</u>	<u>138,156</u>	<u>3,483,179</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 89,830	63,253	-	-	-	153,083
Accrued payroll	121,774	7,716	-	-	-	129,490
Due to other funds	136,404	38,129	-	-	-	174,533
Other liabilities	10,195	-	-	-	-	10,195
Total Liabilities	<u>358,203</u>	<u>109,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>467,301</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Court fines	109,485	-	-	-	-	109,485
Property taxes	54,380	-	127,541	-	-	181,921
Special assessments	67,386	-	-	-	-	67,386
Total Deferred Inflows Of Resources	<u>231,251</u>	<u>-</u>	<u>127,541</u>	<u>-</u>	<u>-</u>	<u>358,792</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	246,611	-	-	-	-	246,611
Restricted for:						
Debt service	-	-	297,398	-	-	297,398
Sewer lateral	-	-	-	-	138,156	138,156
Police training	20	-	-	-	-	20
Federal forfeitures	61,899	-	-	-	-	61,899
Capital improvement	-	846,116	-	-	-	846,116
Assigned for subsequent year's budget	28,093	-	-	-	-	28,093
Unassigned	1,038,793	-	-	-	-	1,038,793
Total Fund Balances	<u>1,375,416</u>	<u>846,116</u>	<u>297,398</u>	<u>-</u>	<u>138,156</u>	<u>2,657,086</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 1,964,870</u>	<u>955,214</u>	<u>424,939</u>	<u>-</u>	<u>138,156</u>	<u>3,483,179</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

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Total Fund Balances - Governmental Funds \$ 2,657,086

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 \$16,443,527 and the accumulated depreciation is \$8,156,971. 8,286,556

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, 2016 (within 60 days) are deferred within the governmental  
funds financial statements. However, revenue for this amount is recognized  
in the government-wide financial statements. 358,792

Certain items are not a financial resource and, therefore, are not reported in  
the governmental funds. These consist of:

Net pension asset	132,344
Deferred outflows - pension related	1,914,672
Deferred inflows - pension related	(292,583)

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	(61,323)
Accrued compensated absences	(129,251)
Capital lease	(127,011)
General obligation bonds	(4,082,869)

Total Net Position Of Governmental Activities \$ 8,656,413

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Habilitation</u>	<u>Nonmajor Sewer Lateral</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ 2,336,126	743,601	403,340	-	121,087	3,604,154
Gross receipts taxes	1,353,495	-	-	-	-	1,353,495
Licenses	43,850	-	-	-	-	43,850
Permits and inspections	75,157	-	-	-	-	75,157
Recreation center	174,649	-	-	-	-	174,649
Fines and forfeitures	394,311	-	-	-	-	394,311
Intergovernmental	130,088	603,321	-	223,984	-	957,393
Special assessment	2,245	-	-	-	-	2,245
Investment income	6,737	3,293	990	-	172	11,192
Other	8,488	-	-	-	-	8,488
Total Revenues	<u>4,525,146</u>	<u>1,350,215</u>	<u>404,330</u>	<u>223,984</u>	<u>121,259</u>	<u>6,624,934</u>
<b>EXPENDITURES</b>						
Current:						
Administration	1,288,645	-	-	-	-	1,288,645
Building	171,789	-	-	-	-	171,789
Police	2,319,195	10,975	-	-	-	2,330,170
Street	535,389	107,474	-	-	-	642,863
Court	86,248	-	-	-	-	86,248
Recreation center	523,520	156,397	-	-	-	679,917
Sewer lateral	-	-	-	-	87,967	87,967
Habilitation	-	-	-	223,984	-	223,984
Capital outlay	-	851,566	-	-	-	851,566
Debt service:						
Principal	-	120,675	230,000	-	-	350,675
Interest	-	13,004	178,798	-	-	191,802
Total Expenditures	<u>4,924,786</u>	<u>1,260,091</u>	<u>408,798</u>	<u>223,984</u>	<u>87,967</u>	<u>6,905,626</u>
<b>NET CHANGE IN FUND BALANCE</b>	(399,640)	90,124	(4,468)	-	33,292	(280,692)
FUND BALANCES, JULY 1	<u>1,775,056</u>	<u>755,992</u>	<u>301,866</u>	<u>-</u>	<u>104,864</u>	<u>2,937,778</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,375,416</u>	<u>846,116</u>	<u>297,398</u>	<u>-</u>	<u>138,156</u>	<u>2,657,086</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, 2016**

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Net Change In Fund Balances - Governmental Funds	\$ (280,692)
<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 \$810,302 exceeded the amount of depreciation of \$501,333 in the current period.</p>	
	308,969
<p>The net effect of transactions involving capital assets (i.e., sales and donations) is to increase net assets.</p>	
	70,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	17,652
<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
Capital lease payments	120,675
General obligation bond payments	230,000
<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	166
Accrued interest on debt	9,113
Accrued net pension	(153,009)
	(153,009)
Change In Net Position Of Governmental Activities	\$ 328,696

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND**  
**JUNE 30, 2016**

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**ASSETS**

Cash	\$ 3,126
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**LIABILITIES**

Due to others	<u>3,126</u>
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**NET POSITION**

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

## **NOTES TO FINANCIAL STATEMENTS**

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### **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**

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**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**

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**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 acquisition value at the date of donation.

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

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

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

<b>Assets</b>	<b>Years</b>
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**

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**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 \$109,485 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**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Fund Balances (Continued)**

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

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

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

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

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

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

**14. Deferred Outflows/Inflows of Resources**

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

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Use of Estimates**

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

**16. Pensions**

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

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

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

As of June 30, 2016, 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, 2016, 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	\$ 1,894,502	1,894,502	-	-	Not rated

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

**Investments Policies**

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

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

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

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represents 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2016, the City had all of its investments in one money market fund.

**3. Fair Value Measurements**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

	<b>June 30, 2016</b>		
<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:			
Money market funds	\$ 1,894,502	1,894,502	-

**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:

	<b>For The Year Ended June 30, 2016</b>			
	<b>Balance June 30 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30 2016</b>
Capital assets not being depreciated:				
Land	\$ 467,275	29,500	-	496,775
Construction in progress	349,329	716,258	1,032,191	33,396
Total Capital Assets Not Being Depreciated	<u>816,604</u>	<u>745,758</u>	<u>1,032,191</u>	<u>530,171</u>
Capital assets being depreciated:				
Buildings	4,852,147	-	-	4,852,147
Vehicles	1,142,868	50,625	83,447	1,110,046
Equipment	2,267,496	83,919	-	2,351,415
Infrastructure	6,567,557	1,032,191	-	7,599,748
Total Capital Assets Being Depreciated	<u>14,830,068</u>	<u>1,166,735</u>	<u>83,447</u>	<u>15,913,356</u>
Less - Accumulated Depreciation for:				
Buildings	4,558,462	16,108	-	4,574,570
Vehicles	686,166	129,928	83,447	732,647
Equipment	1,578,834	101,972	-	1,680,806
Infrastructure	915,623	253,325	-	1,168,948
Total Accumulated Depreciation	<u>7,739,085</u>	<u>501,333</u>	<u>83,447</u>	<u>8,156,971</u>
Total Capital Assets Being Depreciated, Net	<u>7,090,983</u>	<u>665,402</u>	<u>-</u>	<u>7,756,385</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,907,587</u>	<u>1,411,160</u>	<u>1,032,191</u>	<u>8,286,556</u>

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

	<b>For The Year Ended June 30 2016</b>
General government	\$ 8,193
Building	4,542
Police	103,279
Street	306,370
Recreation center	<u>78,949</u>
Total	<u>\$ 501,333</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D - PENSION PLAN**

*Plan Description*

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

*Benefits Provided*

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

	<b><u>2016</u></b> <b><u>Valuation</u></b>
Benefit multiplier	2%
Final average salary	3 years
Member contributions	- %

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

*Employees Covered by Benefit Terms*

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>63</u>
Total	<u>136</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D - PENSION PLAN (Continued)**

*Contributions*

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 9.9% (General) and 14% (police) of annual covered payroll.

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2016.

*Actuarial Assumptions*

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

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

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

The new assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLAN (Continued)**

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.0 %	5.00 %
Fixed income	26.0	3.00
Real assets	21.0	3.25
Strategic assets	10.0	5.60

***Discount Rate***

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

**Changes in the Net Pension Liability (Asset)**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<b>Balances at June 30, 2015</b>	<u>\$ 14,214,221</u>	<u>15,605,875</u>	<u>(1,391,654)</u>
<b>Changes for the year</b>			
Service cost	304,610	-	304,610
Interest	1,016,170	-	1,016,170
Difference between expected and actual experience	(245,736)	-	(245,736)
Changes of assumptions	630,704	-	630,704
Contributions - employer	-	316,774	(316,774)
Net investment income	-	(28,528)	28,528
Benefit payments, including refunds	(707,823)	(707,823)	-
Administrative expense	-	(11,104)	11,104
Other	-	169,296	(169,296)
Net Changes	<u>997,925</u>	<u>(261,385)</u>	<u>1,259,310</u>
<b>Balances at June 30, 2016</b>	<u>\$ 15,212,146</u>	<u>15,344,490</u>	<u>(132,344)</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLAN (Continued)**

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

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

	<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
Net pension liability (asset)	\$ 1,987,045	(132,344)	(1,877,522)

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

For the year ended June 30, 2016, the City recognized pension expense of \$469,783. The reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences in experience	\$ -	(292,583)	(292,583)
Assumption changes	502,141	-	502,141
Net difference between projected and actual earnings on pension plan investments	1,412,531	-	1,412,531
Total	\$ 1,914,672	(292,583)	1,622,089

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

**For The  
Years Ending  
June 30**

2017	\$ 430,327
2018	430,327
2019	451,490
2020	295,202
2021	14,743
Total	\$ 1,622,089

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLAN (Continued)**

**Payable to the Pension Plan**

Included in accounts payable, the City reported a payable of \$24,306 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**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 \$31,350 for the year ended June 30, 2016.

**NOTE F - DEFERRED COMPENSATION PLAN**

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

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

**NOTE G - LONG-TERM LIABILITIES**

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

	<b>For The Year Ended June 30, 2016</b>			<b>Balance June 30 2016</b>	<b>Due Within One Year</b>
	<b>Balance June 30 2015</b>	<b>Additions</b>	<b>Reductions</b>		
General obligation bonds	\$ 4,265,000	-	230,000	4,035,000	240,000
Plus - premium on bonds	53,691	-	5,822	47,869	-
Capital lease	247,686	-	120,675	127,011	127,011
Compensated absences	129,417	171,495	171,661	129,251	116,326
Total	\$ 4,695,794	171,495	528,158	4,339,131	483,337

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - LONG-TERM LIABILITIES (Continued)**

**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.

Aggregate maturities required on general obligation bonds are as follows:

<b>For The Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 240,000	167,299	407,299
2018	250,000	155,299	405,299
2019	265,000	142,799	407,799
2020	270,000	133,789	403,789
2021	285,000	124,001	409,001
2022 - 2026	1,595,000	444,736	2,039,736
2027 - 2029	1,130,000	99,394	1,229,394
Total	<u>\$ 4,035,000</u>	<u>1,267,317</u>	<u>5,302,317</u>

**Capital Leases**

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

The assets acquired through the capital lease are as follows:

<b>Assets</b>	
Vehicles	\$ 424,738
Less - Accumulated depreciation	<u>169,895</u>
Total	<u>\$ 254,843</u>

Interest rate on the lease is 5.25%.

The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of June 30, 2016 are as follows:

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE G - LONG-TERM LIABILITIES (Continued)**

**For The  
Year Ending  
June 30**

	2017	\$ 133,679
Less - Amount representing interest		6,668
Present Value Of Future Minimum Lease Payments		\$ 127,011

**NOTE H - INSURANCE**

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

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk 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 to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2016</u>
General Fund	Capital Improvement Fund	\$ 38,129
Debt Service Fund	General Fund	63,900
Nonmajor Fund	General Fund	72,504
Total		\$ 174,533

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - INTERFUND ASSETS/LIABILITIES (Continued)**

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

**NOTE J - RELATED PARTY TRANSACTION**

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

**NOTE K - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$1,471,130 of restricted net position, \$1,046,191 of which is restricted by enabling legislation.

**NOTE L - CONTINGENCIES**

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

**NOTE M - SUBSEQUENT EVENTS**

On August 2, 2016, the voters of the City approved a new issue of general obligation bonds in the amount of \$8,000,000 for the use of street improvements.

**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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Sales	\$ 1,499,000	1,499,000	1,604,724	105,724
Real estate	150,000	150,000	126,825	(23,175)
Personal property	30,000	30,000	32,098	2,098
Motor vehicle	133,000	133,000	139,216	6,216
Railroad	40,000	40,000	44,609	4,609
Gasoline	288,000	288,000	288,620	620
Cigarette	28,000	28,000	32,251	4,251
Road and bridge	73,000	73,000	67,783	(5,217)
Total Taxes	<u>2,241,000</u>	<u>2,241,000</u>	<u>2,336,126</u>	<u>95,126</u>
<b>Gross Receipts Taxes</b>				
Utilities	1,325,860	1,325,860	1,255,949	(69,911)
Cable	101,140	101,140	97,546	(3,594)
Total Gross Receipts Taxes	<u>1,427,000</u>	<u>1,427,000</u>	<u>1,353,495</u>	<u>(73,505)</u>
<b>Licenses</b>				
Merchants	39,000	39,000	33,764	(5,236)
Liquor	1,600	1,600	1,823	223
Occupational	5,000	5,000	3,875	(1,125)
Manufacturers	4,000	4,000	4,044	44
Dog tags	428	428	344	(84)
Other	172	172	-	(172)
Total Licenses	<u>50,200</u>	<u>50,200</u>	<u>43,850</u>	<u>(6,350)</u>
<b>Permits and Inspections</b>				
Building permits	49,620	49,620	52,177	2,557
Inspections	21,380	21,380	22,980	1,600
Total Permits And Inspections	<u>71,000</u>	<u>71,000</u>	<u>75,157</u>	<u>4,157</u>
<b>Recreation Center</b>				
Recreation programs	114,199	114,199	117,972	3,773
Meeting room rental	8,643	8,643	13,344	4,701
Snack bar	12,051	12,051	10,360	(1,691)

(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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
<b>REVENUES (Continued)</b>				
<b>Recreation Center (Continued)</b>				
Special events	15,510	15,510	17,269	1,759
Other	14,597	14,597	15,704	1,107
Total Recreation Center	<u>165,000</u>	<u>165,000</u>	<u>174,649</u>	<u>9,649</u>
<b>Fines and Forfeitures</b>				
Police fines	486,000	361,000	341,163	(19,837)
Court receipts	108,830	108,830	34,565	(74,265)
Bond forfeitures	42,000	42,000	9,319	(32,681)
Other	12,718	12,718	9,264	(3,454)
Total Fines And Forfeitures	<u>649,548</u>	<u>524,548</u>	<u>394,311</u>	<u>(130,237)</u>
<b>Intergovernmental</b>	<u>10,452</u>	<u>114,773</u>	<u>79,971</u>	<u>(34,802)</u>
<b>Special assessment</b>	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>2,245</u>
<b>Investment Income</b>	<u>2,000</u>	<u>2,000</u>	<u>6,737</u>	<u>4,737</u>
<b>Other</b>	<u>6,000</u>	<u>6,000</u>	<u>8,488</u>	<u>2,488</u>
Total Revenues	<u>4,622,200</u>	<u>4,601,521</u>	<u>4,475,029</u>	<u>(126,492)</u>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Personnel costs:				
Salaries	172,000	172,000	210,357	38,357
Payroll tax	13,000	13,000	14,334	1,334
Total Personnel Costs	<u>185,000</u>	<u>185,000</u>	<u>224,691</u>	<u>39,691</u>
Employee insurance	443,806	443,806	331,674	(112,132)
Pension contribution	345,000	345,000	348,273	3,273
Utilities	138,000	138,000	102,983	(35,017)
Postage	6,000	6,000	6,284	284
Election costs	-	-	9,137	9,137
Supplies	26,000	26,000	23,463	(2,537)

**(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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Administration (Continued)</b>				
Accounting	20,000	20,000	18,237	(1,763)
Legal fees	75,000	75,000	77,698	2,698
Insurance	40,000	40,000	19,401	(20,599)
Commission	5,000	5,000	4,900	(100)
Public notices	1,000	1,000	1,251	251
Office equipment maintenance	19,000	19,000	13,063	(5,937)
Advertising	5,400	5,400	3,344	(2,056)
Professional development	17,000	17,000	18,944	1,944
Miscellaneous	50,600	50,600	85,302	34,702
Total Administration	<u>1,376,806</u>	<u>1,376,806</u>	<u>1,288,645</u>	<u>(88,161)</u>
<b>Building</b>				
Personnel costs:				
Salaries	144,000	144,000	149,005	5,005
Payroll tax	11,000	11,000	11,169	169
Total Personnel Costs	<u>155,000</u>	<u>155,000</u>	<u>160,174</u>	<u>5,174</u>
Insurance	12,000	12,000	11,615	(385)
Total Building	<u>167,000</u>	<u>167,000</u>	<u>171,789</u>	<u>4,789</u>
<b>Police</b>				
Personnel costs:				
Salaries	1,529,000	1,699,000	1,697,338	(1,662)
Payroll tax	123,000	123,000	128,536	5,536
Total Personnel Costs	<u>1,652,000</u>	<u>1,822,000</u>	<u>1,825,874</u>	<u>3,874</u>
Insurance	133,000	133,000	129,384	(3,616)
Telephone	9,000	9,000	7,128	(1,872)
Uniforms	26,000	26,000	18,543	(7,457)
Office supplies	12,000	12,000	10,814	(1,186)
Miscellaneous	18,000	74,583	74,583	-
Prisoner detention	39,000	39,000	5,040	(33,960)
Equipment maintenance	40,000	40,000	29,251	(10,749)
Fuel	65,000	65,000	28,426	(36,574)
Dispatch	71,000	71,000	71,297	297
Service contract	78,000	78,000	68,738	(9,262)
Total Police	<u>2,143,000</u>	<u>2,369,583</u>	<u>2,269,078</u>	<u>(100,505)</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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Street</b>				
Personnel costs:				
Salaries	244,000	244,000	245,658	1,658
Payroll tax	19,000	19,000	26,694	7,694
Total Personnel Costs	<u>263,000</u>	<u>263,000</u>	<u>272,352</u>	<u>9,352</u>
Street lights	198,000	198,000	203,892	5,892
Fuel	65,000	65,000	30,755	(34,245)
Insurance	24,000	24,000	22,908	(1,092)
Telephone	3,000	3,000	2,694	(306)
Uniforms	2,000	2,000	2,320	320
Miscellaneous	-	-	468	468
Total Street	<u>555,000</u>	<u>555,000</u>	<u>535,389</u>	<u>(19,611)</u>
<b>Court</b>				
Personnel costs:				
Salaries	107,000	107,000	72,149	(34,851)
Payroll tax	8,000	8,000	5,468	(2,532)
Total Personnel Costs	<u>115,000</u>	<u>115,000</u>	<u>77,617</u>	<u>(37,383)</u>
Insurance	6,000	6,000	8,631	2,631
Supplies	1,000	1,000	-	(1,000)
Total Court	<u>122,000</u>	<u>122,000</u>	<u>86,248</u>	<u>(35,752)</u>
<b>Recreation Center</b>				
Personnel costs:				
Salaries	324,000	346,000	344,092	(1,908)
Payroll tax	25,000	25,000	26,527	1,527
Total Personnel Costs	<u>349,000</u>	<u>371,000</u>	<u>370,619</u>	<u>(381)</u>
Insurance	41,000	41,000	40,735	(265)
Telephone	4,000	4,000	3,052	(948)
Supplies	10,000	10,000	9,966	(34)
Equipment maintenance	25,000	47,000	46,522	(478)
Snack bar	6,000	6,000	5,813	(187)
Special events	14,000	14,000	13,912	(88)

**(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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Recreation Center (Continued)</b>				
Recreational programs	14,000	14,000	17,592	3,592
Miscellaneous	13,000	13,000	15,309	2,309
Total Recreation Center	<u>476,000</u>	<u>520,000</u>	<u>523,520</u>	<u>3,520</u>
Total Expenditures	<u>4,839,806</u>	<u>5,110,389</u>	<u>4,874,669</u>	<u>(235,720)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (217,606)</u>	<u>(508,868)</u>	<u>(399,640)</u>	<u>109,228</u>
<b>FUND BALANCE, JULY 1</b>			<u>1,775,056</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 1,375,416</u>	

**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, 2016**

	<b>Budget</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 660,000	660,000	743,601	83,601
Intergovernmental	-	603,321	603,321	-
Investment income	2,400	2,400	3,293	893
Total Revenues	<u>662,400</u>	<u>1,265,721</u>	<u>1,350,215</u>	<u>84,494</u>
<b>EXPENDITURES</b>				
Administration - capital outlay	5,000	5,000	-	(5,000)
Police	28,000	28,000	10,975	(17,025)
Police - capital outlay	2,000	2,000	-	(2,000)
Street	70,000	108,000	107,474	(526)
Street - capital outlay	297,000	808,000	807,497	(503)
Recreation center	196,000	196,000	156,397	(39,603)
Recreation center - capital outlay	75,000	75,000	44,069	(30,931)
Debt service:				
Principal	121,000	121,000	120,675	(325)
Interest	13,000	13,000	13,004	4
Total Expenditures	<u>807,000</u>	<u>1,356,000</u>	<u>1,260,091</u>	<u>(95,909)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (144,600)</u>	<u>(90,279)</u>	90,124	<u>180,403</u>
FUND BALANCE, JULY 1			<u>755,992</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 846,116</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, 2016**

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**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. Prior to July 1, the budget is adopted by the Board of Aldermen.
- c. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except for certain reimbursements of salaries are netted against expense in the Police Department. (This amounted to \$50,117 for the fiscal year ended June 30, 2016.) Expenditures may not legally exceed budgeted appropriations at the department level.
- d. 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.
- e. Annual appropriated budgets are adopted for all governmental funds, except for the Habilitation Fund.

**Expenditures**

For the year ended June 30, 2016, expenditures exceeded appropriations as follows:

	<b><u>Final</u></b> <b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Over</u></b> <b><u>Budget</u></b>
General Fund:			
Building	\$167,000	171,789	4,789
Recreation Center	520,000	523,520	3,520

These expenditures were approved by the Board of Aldermen and were funded by amounts under budget in other departments and/or fund balance.

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

	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>		
Service cost	\$ 304,610	299,417
Interest on the total pension liability	1,016,170	985,396
Difference between expected and actual experience	(245,736)	(178,919)
Changes of assumptions	630,704	-
Benefit payments, including refunds	(707,823)	(660,933)
Net Change In Total Pension Liability	997,925	444,961
Total Pension Liability Beginning	14,214,221	13,769,260
Total Pension Liability (a)	\$ 15,212,146	14,214,221
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 316,774	331,332
Pension plan net investment income	(28,528)	300,876
Benefit payments, including refunds	(707,823)	(660,933)
Administrative expense	(11,104)	(12,024)
Other	169,296	72,282
Net Change In Plan Fiduciary Net Position	(261,385)	31,533
Plan Fiduciary Net Position Beginning	15,605,875	15,574,342
Plan Fiduciary Net Position Ending (b)	\$ 15,344,490	15,605,875
 <b>Net Pension Liability (Asset) (a-b)</b>	<b>\$ (132,344)</b>	<b>(1,391,654)</b>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.87 %	109.79
 Covered Employee Payroll	\$ 2,483,202	2,591,495
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(5.33) %	(53.70)

Note: Information is not available for fiscal years prior to 2015.

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

	<b>For The Years Ended June 30</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarially determined pension contribution	\$ 346,821	372,050	386,155	391,991	375,833	365,714	251,841	212,727	176,989	145,912
Contributions in relation to the actuarially determined contribution	<u>316,774</u>	<u>331,333</u>	<u>307,876</u>	<u>290,445</u>	<u>264,857</u>	<u>234,763</u>	<u>202,779</u>	<u>174,459</u>	<u>144,079</u>	<u>123,972</u>
Contribution Deficiency	<u>\$ 30,047</u>	<u>40,717</u>	<u>78,279</u>	<u>101,546</u>	<u>110,976</u>	<u>130,951</u>	<u>49,062</u>	<u>38,268</u>	<u>32,910</u>	<u>21,940</u>
Covered Employee Payroll	\$ 2,544,802	2,571,924	2,501,379	2,572,955	2,573,953	2,522,163	2,439,834	2,382,022	2,233,221	2,059,261
Contributions as a Percentage of Covered Employee payroll	12.45 %	12.88	12.31	11.29	10.29	9.31	8.31	7.32	6.45	6.02

Notes to schedule:

Valuation date:  
 Actuarially determined contribution rates are calculated as of February 29, 2016 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 13 to 15 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% - 6.55% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:  
 New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.  
 There were no benefit changes during the year.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SEWER LATERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Taxes	\$ 119,800	121,087	1,287
Investment income	200	172	(28)
Total Revenues	<u>120,000</u>	<u>121,259</u>	<u>1,259</u>
<b>EXPENDITURES</b>			
Sewer lateral	<u>88,000</u>	<u>87,967</u>	<u>(33)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 32,000</u>	33,292	<u>1,292</u>
FUND BALANCE, JULY 1		<u>104,864</u>	
<b>FUND BALANCE, JUNE 30</b>		<u>\$ 138,156</u>	

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Real estate	\$ 340,000	340,000	317,855	(22,145)
Personal property	65,000	65,000	85,485	20,485
Total Taxes	405,000	405,000	403,340	(1,660)
Investment income	1,000	1,000	990	(10)
Total Revenues	406,000	406,000	404,330	(1,670)
<b>EXPENDITURES</b>				
Principal	215,000	230,000	230,000	-
Interest	178,800	178,800	178,798	(2)
Total Expenditures	393,800	408,800	408,798	(2)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 12,200</b>	<b>(2,800)</b>	<b>(4,468)</b>	<b>(1,668)</b>
<b>FUND BALANCE, JULY 1</b>			<b>301,866</b>	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 297,398</b>	