



**CITY OF BELLEFONTAINE  
NEIGHBORS, MISSOURI**

**FINANCIAL REPORT**  
(Audited)

Year Ended June 30, 2017

**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

November 9, 2017

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, 2017, 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, 2017, 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 November 9, 2017 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, 2017**

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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, 2017. It should be read in conjunction with the City's financial statements (attached).

**FINANCIAL HIGHLIGHTS**

Net position decreased by \$294,419 during the fiscal year. Fund balances increased by \$7,315,403 primarily due to the issuance of general obligation bonds in March 2017 for \$8,000,000. 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 \$9,972,489. Approximately 8% of this amount (\$782,657) is available for spending at the government's discretion (unassigned fund balance).

The General Fund had decreases in fund balances of \$283,442 and \$399,640 in the current and prior year, respectively. The City's General Fund budget had reflected an anticipated deficit of \$28,093 in the original budget and a deficit of \$315,088 in the final budget.

The Capital Improvement Fund had increases in fund balance of \$298,308 and \$90,124 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 \$444,036 and (\$4,468) in the current and prior year, respectively. The increase in the current year was primarily due to additional debt service tax revenue due to the new bond issue.

The Bond Fund had an increase in fund balance of \$6,803,793 in the current year as a new fund related to the bond issue for street projects.

**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, 2017**

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

The City adopts an annual appropriated budget for all of its funds. 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, 2017**

**CONDENSED FINANCIAL STATEMENTS**

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

A condensed version of the statement of net position follows:

	<b>June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current and other assets	\$ 13,123,313	3,440,990
Capital assets	9,409,751	8,286,556
Total Assets	22,533,064	11,727,546
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 880,893	 1,914,672
<b>LIABILITIES</b>		
Other liabilities	1,746,580	354,091
Long-term liabilities	12,514,652	4,339,131
Total Liabilities	14,261,232	4,693,222
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 790,731	 292,583
<b>NET POSITION</b>		
Net investment in capital assets	3,846,005	4,076,676
Restricted	2,295,807	1,471,130
Unrestricted	2,220,182	3,108,607
Total Net Position	\$ 8,361,994	8,656,413

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 \$8,361,994 at June 30, 2017.

The City's unrestricted net position of \$2,220,182 (27%) 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 (\$2,295,807) 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, 2017**

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 Ended June 30</b>	
	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 586,346	782,998
Operating grants and contributions	522,074	769,720
Capital grants and contributions	56,155	753,292
General revenues:		
Property taxes	1,128,743	609,326
Sales taxes	2,303,985	2,380,576
Gross receipts taxes	1,312,950	1,353,495
Other	115,389	63,179
Total Revenues	6,025,642	6,712,586
<b>EXPENSES</b>		
General government	1,462,116	1,412,912
Building	163,664	176,331
Police	2,502,106	2,706,202
Street	967,484	1,046,439
Recreation center	725,606	778,891
Court	96,235	86,248
Interest on long-term debt	402,850	176,867
Total Expenses	6,320,061	6,383,890
<b>CHANGE IN NET POSITION</b>	(294,419)	328,696
<b>NET POSITION, JULY 1</b>	8,656,413	8,327,717
<b>NET POSITION, JUNE 30</b>	\$ 8,361,994	8,656,413

**SIGNIFICANT CHANGE IN NET POSITION**

Revenues decreased by 10% from the previous year while expenses decreased by 1% from the previous year accounting for the decrease in net position of \$294,419. The current year reduction of revenue primarily relates to reduced street grants received.

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund exceeded projections during 2017 mainly due to building, street, and court expenditures coming in lower than expected. The total revenue variance was unfavorable by 1.4% and the expenditures variance was favorable by 1.6%. The City increased expenditures by \$286,995.

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

The City has invested, net of accumulated depreciation, \$9,409,751 at June 30, 2017, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$1,123,195 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>2017</b>	<b>2016</b>
Land	\$ 467,275	496,775
Construction in progress	1,645,150	33,396
Buildings	261,469	277,577
Vehicles	257,502	377,399
Equipment	600,880	670,609
Infrastructure	<u>6,177,475</u>	<u>6,430,800</u>
Total Capital Assets	<u>\$ 9,409,751</u>	<u>8,286,556</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$3,837,047, Series 2017 general obligations bonds in the amount of \$8,530,492 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$147,113.

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, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 566,770
Investments	10,129,311
Receivables:	
Municipal taxes	706,896
Gross receipts taxes	160,571
Court fines, net of allowance	48,983
Intergovernmental	8,605
Special assessments	63,800
Prepaid items	217,247
Net pension asset	1,221,130
Capital assets:	
Land and construction in progress	2,112,425
Other capital assets, net of accumulated depreciation	7,297,326
Total Assets	22,533,064
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pension	880,893
 <b>LIABILITIES</b>	
Accounts payable	1,441,170
Accrued interest payable	148,451
Accrued payroll	141,863
Other liabilities	15,096
Noncurrent liabilities:	
Due within one year	667,402
Due in more than one year	11,847,250
Total Liabilities	14,261,232
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pension	790,731
 <b>NET POSITION</b>	
Net investment in capital assets	3,846,005
Restricted for:	
Debt service	909,569
Sewer lateral	190,864
Capital improvements	1,144,424
Federal forfeitures	50,950
Unrestricted	2,220,182
Total Net Position	\$ 8,361,994

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

		<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	\$ 1,462,116	-	-	-	(1,462,116)
Building	163,664	90,800	-	-	(72,864)
Police	2,502,106	215,464	15,696	30,920	(2,240,026)
Street	967,484	124,105	506,378	25,235	(311,766)
Recreation center	725,606	155,977	-	-	(569,629)
Court	96,235	-	-	-	(96,235)
Interest and other fiscal charges on long-term debt	402,850	-	-	-	(402,850)
Total Governmental Activities	\$ 6,320,061	586,346	522,074	56,155	(5,155,486)
<b>General Revenues</b>					
Property taxes					1,128,743
Sales taxes					2,303,985
Gross receipts taxes					1,312,950
Licenses					42,604
Investment income					12,382
Other					60,403
Total General Revenues					4,861,067
<b>CHANGE IN NET POSITION</b>					(294,419)
<b>NET POSITION, JULY 1</b>					8,656,413
<b>NET POSITION, JUNE 30</b>					\$ 8,361,994

See notes to financial statements

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General	Capital Improvement	Debt Service	Bond	Nonmajor Sewer Lateral	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 566,770	-	-	-	-	566,770
Investments	503,030	1,191,444	215,742	8,153,278	65,817	10,129,311
Receivables:						
Municipal taxes	395,574	123,268	187,306	-	748	706,896
Gross receipts taxes	160,571	-	-	-	-	160,571
Court fines, net of allowance	48,983	-	-	-	-	48,983
Intergovernmental	1,169	7,436	-	-	-	8,605
Special assessments	63,800	-	-	-	-	63,800
Due from other funds	151,214	-	506,521	-	124,299	782,034
Prepaid items	217,247	-	-	-	-	217,247
	<u>217,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,247</u>
Total Assets	<u>\$ 2,108,358</u>	<u>1,322,148</u>	<u>909,569</u>	<u>8,153,278</u>	<u>190,864</u>	<u>12,684,217</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 70,390	21,295	-	1,349,485	-	1,441,170
Accrued payroll	136,648	5,215	-	-	-	141,863
Due to other funds	630,820	151,214	-	-	-	782,034
Other liabilities	15,096	-	-	-	-	15,096
Total Liabilities	<u>852,954</u>	<u>177,724</u>	<u>-</u>	<u>1,349,485</u>	<u>-</u>	<u>2,380,163</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Court fines	48,983	-	-	-	-	48,983
Property taxes	50,647	-	168,135	-	-	218,782
Special assessments	63,800	-	-	-	-	63,800
Total Deferred Inflows Of Resources	<u>163,430</u>	<u>-</u>	<u>168,135</u>	<u>-</u>	<u>-</u>	<u>331,565</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	217,247	-	-	-	-	217,247
Restricted for:						
Debt service	-	-	741,434	-	-	741,434
Sewer lateral	-	-	-	-	190,864	190,864
Federal forfeitures	50,950	-	-	-	-	50,950
Capital improvement	-	1,144,424	-	6,803,793	-	7,948,217
Assigned for subsequent year's budget	41,120	-	-	-	-	41,120
Unassigned	782,657	-	-	-	-	782,657
Total Fund Balances	<u>1,091,974</u>	<u>1,144,424</u>	<u>741,434</u>	<u>6,803,793</u>	<u>190,864</u>	<u>9,972,489</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 2,108,358</u>	<u>1,322,148</u>	<u>909,569</u>	<u>8,153,278</u>	<u>190,864</u>	<u>12,684,217</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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Total Fund Balances - Governmental Funds	\$ 9,972,489
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$18,012,484 and the accumulated depreciation is \$8,602,733.</p>	9,409,751
<p>Property taxes, municipal court, and special assessment receivables are assessed by or due to the City, but the amounts not collected as of August 31, 2017 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.</p>	331,565
<p>Certain items are not a financial resource and, therefore, are not reported in the governmental funds. These consist of:</p>	
Net pension asset	1,221,130
Deferred outflows related to pensions	880,893
Deferred inflows related to pensions	(790,731)
<p>Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>	
Accrued interest payable	(148,451)
Accrued compensated absences	(147,113)
General obligation bonds	<u>(12,367,539)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 8,361,994</u></u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>General</b>	<b>Capital Improvement</b>	<b>Debt Service</b>	<b>Bond</b>	<b>Nonmajor Sewer Lateral</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Taxes	\$ 2,316,323	731,432	850,757	-	124,105	4,022,617
Gross receipts taxes	1,312,950	-	-	-	-	1,312,950
Licenses	42,604	-	-	-	-	42,604
Permits and inspections	89,913	-	-	-	-	89,913
Recreation center	156,864	-	-	-	-	156,864
Fines and forfeitures	279,699	-	-	-	-	279,699
Intergovernmental	46,616	25,235	-	-	-	71,851
Special assessment	3,586	-	-	-	-	3,586
Investment income	6,202	4,350	627	1,039	164	12,382
Other	44,665	-	-	-	-	44,665
Total Revenues	<u>4,299,422</u>	<u>761,017</u>	<u>851,384</u>	<u>1,039</u>	<u>124,269</u>	<u>6,037,131</u>
<b>EXPENDITURES</b>						
Current:						
Administration	1,240,035	24,189	-	-	-	1,264,224
Building	159,122	-	-	-	-	159,122
Police	2,104,576	8,367	-	-	-	2,112,943
Street	517,590	76,784	-	-	-	594,374
Court	87,830	-	-	-	-	87,830
Recreation center	494,449	154,510	-	-	-	648,959
Sewer lateral	-	-	-	-	71,561	71,561
Capital outlay	-	65,180	-	1,580,210	-	1,645,390
Debt service:						
Principal	-	127,011	240,000	-	-	367,011
Interest	-	6,668	167,348	-	-	174,016
Bond issuance costs	-	-	-	156,519	-	156,519
Total Expenditures	<u>4,603,602</u>	<u>462,709</u>	<u>407,348</u>	<u>1,736,729</u>	<u>71,561</u>	<u>7,281,949</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(304,180)</u>	<u>298,308</u>	<u>444,036</u>	<u>(1,735,690)</u>	<u>52,708</u>	<u>(1,244,818)</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from sale of capital assets	5,000	-	-	-	-	5,000
Insurance recoveries	15,738	-	-	-	-	15,738
Proceeds of bond issuance	-	-	-	8,000,000	-	8,000,000
Premium on bond issuance	-	-	-	539,483	-	539,483
Total Other Financing Sources	<u>20,738</u>	<u>-</u>	<u>-</u>	<u>8,539,483</u>	<u>-</u>	<u>8,560,221</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(283,442)</u>	<u>298,308</u>	<u>444,036</u>	<u>6,803,793</u>	<u>52,708</u>	<u>7,315,403</u>
FUND BALANCES, JULY 1	<u>1,375,416</u>	<u>846,116</u>	<u>297,398</u>	<u>-</u>	<u>138,156</u>	<u>2,657,086</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,091,974</u>	<u>1,144,424</u>	<u>741,434</u>	<u>6,803,793</u>	<u>190,864</u>	<u>9,972,489</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, 2017**

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Net Change In Fund Balances - Governmental Funds	\$ 7,315,403
<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 \$1,650,404 exceeded the amount of depreciation of \$474,932 in the current period.</p>	
	1,175,472
<p>The net effect of transactions involving capital assets (i.e., sales and donations) is to decrease net position.</p>	
	(52,277)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	(27,227)
<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	14,813
Capital lease payments	127,011
Issuance of general obligation bonds	(8,539,483)
General obligation bond payments	240,000
<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	(17,862)
Accrued interest on debt	(87,128)
Pension expense	(443,141)
	(888,131)
Change In Net Position Of Governmental Activities	\$ (294,419)



**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND**  
**JUNE 30, 2017**

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**ASSETS**

Cash \$ 2,275

**LIABILITIES**

Due to others 2,275

**NET POSITION**

\$ -

# **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), is a fourth class city, was incorporated on June 19, 1950 and established a Mayor/Board of Aldermen form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation, general administrative services, legislative services, judicial services, and planning.

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

#### **1. Reporting Entity**

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

#### **2. Government-wide and Fund Financial Statements**

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

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

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

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL 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 receipts of the capital improvement sales tax and expenditures for certain capital improvements and maintenance.

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

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

The City reports the following fiduciary fund:

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

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**NOTES TO FINANCIAL 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 \$48,983 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 the pension reported on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources for unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the statement of net position.

**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.

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

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

**16. Pensions**

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

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

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

As of June 30, 2017, 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, 2017, 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	\$ 10,129,311	10,129,311	-	-	Not rated

**Investments Policies**

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

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

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

**2. Investments (Continued)**

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

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

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represents 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2017, the City had all of its investments in money market funds.

**3. Fair Value Measurements**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are 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 only money market funds which are considered not subject to fair value disclosure.



**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, 2017</b>			<b>Balance June 30 2017</b>
	<b>Balance June 30 2016</b>	<b>Increases</b>	<b>Decreases</b>	
Capital assets not being depreciated:				
Land	\$ 496,775	-	29,500	467,275
Construction in progress	33,396	1,611,754	-	1,645,150
Total Capital Assets Not Being Depreciated	<u>530,171</u>	<u>1,611,754</u>	<u>29,500</u>	<u>2,112,425</u>
Capital assets being depreciated:				
Buildings	4,852,147	-	-	4,852,147
Vehicles	1,110,046	16,500	37,962	1,088,584
Equipment	2,351,415	22,150	13,985	2,359,580
Infrastructure	7,599,748	-	-	7,599,748
Total Capital Assets Being Depreciated	<u>15,913,356</u>	<u>38,650</u>	<u>51,947</u>	<u>15,900,059</u>
Less - Accumulated Depreciation for:				
Buildings	4,574,570	16,108	-	4,590,678
Vehicles	732,647	113,620	15,185	831,082
Equipment	1,680,806	91,879	13,985	1,758,700
Infrastructure	1,168,948	253,325	-	1,422,273
Total Accumulated Depreciation	<u>8,156,971</u>	<u>474,932</u>	<u>29,170</u>	<u>8,602,733</u>
Total Capital Assets Being Depreciated, Net	<u>7,756,385</u>	<u>(436,282)</u>	<u>22,777</u>	<u>7,297,326</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,286,556</u>	<u>1,175,472</u>	<u>52,277</u>	<u>9,409,751</u>

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

	<b>For The Year Ended June 30 2017</b>
General government	\$ 8,399
Building	4,542
Police	94,729
Street	284,913
Recreation center	<u>82,349</u>
Total	<u>\$ 474,932</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 Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, state-wide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600 - 70.755. As such, it is LAGERS’ responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS’ Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. 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.

**2017 Valuation**

Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	Noncontributory for employees

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

*Employees Covered by Benefit Terms*

At June 30, 2017, 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>61</u>
Total	<u><u>134</u></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 8.9% (General) and 14.7% (police) of annual covered payroll.

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

*Actuarial Assumptions*

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00 %	5.29 %
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic assets	10.00	5.73

***Discount Rate***

The discount rate used to measure the total pension liability (asset) 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, 2016</b>	<u>\$ 15,212,146</u>	<u>15,344,490</u>	<u>(132,344)</u>
<b>Changes for the year</b>			
Service cost	297,751	-	297,751
Interest	1,085,812	-	1,085,812
Difference between expected and actual experience	(759,657)	-	(759,657)
Contributions - employer	-	294,285	(294,285)
Net investment income	-	1,723,360	(1,723,360)
Benefit payments, including refunds	(776,977)	(776,977)	-
Administrative expense	-	(10,535)	10,535
Other	-	(294,418)	294,418
Net Changes	<u>(153,071)</u>	<u>935,715</u>	<u>(1,088,786)</u>
<b>Balances at June 30, 2017</b>	<u>\$ 15,059,075</u>	<u>16,280,205</u>	<u>(1,221,130)</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)	\$ 901,061	(1,221,130)	(2,967,056)

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

For the year ended June 30, 2017, the City recognized pension expense of \$737,426. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences in experience	\$ -	(790,731)	(790,731)
Assumption changes	373,578	-	373,578
Net difference between projected and actual earnings on pension plan investments	507,315	-	507,315
Total	\$ 880,893	(790,731)	90,162

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

**For The Plan  
Years Ending  
June 30**

2018	\$ 133,333
2019	154,496
2020	(1,792)
2021	(195,875)
Total	\$ 90,162

**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 \$22,098 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**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 \$31,384 for the year ended June 30, 2017.

**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, 2017</b>				<b>Due Within One Year</b>
	<b>Balance June 30 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30 2017</b>	
General obligation bonds	\$ 4,035,000	8,000,000	240,000	11,795,000	535,000
Plus - premium on bonds	47,869	539,483	14,813	572,539	-
Capital lease	127,011	-	127,011	-	-
Compensated absences	129,251	169,025	151,163	147,113	132,402
<b>Total</b>	<b>\$ 4,339,131</b>	<b>8,708,508</b>	<b>532,987</b>	<b>12,514,652</b>	<b>667,402</b>

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.

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

Aggregate maturities required on general obligation bonds are as follows:

<u>For The Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 535,000	446,164	981,164
2019	555,000	428,774	983,774
2020	570,000	413,964	983,964
2021	590,000	395,176	985,176
2022	610,000	375,339	985,339
2023 - 2027	3,420,000	1,520,604	4,940,604
2028 - 2032	2,910,000	819,738	3,729,738
2033 - 2037	2,605,000	321,000	2,926,000
Total	<u>\$ 11,795,000</u>	<u>4,720,759</u>	<u>16,515,759</u>

**NOTE H - INSURANCE**

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

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

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**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 2017</u>
General Fund	Capital Improvement Fund	\$ 151,214
Debt Service Fund	General Fund	506,521
Nonmajor Fund	General Fund	<u>124,299</u>
Total		<u>\$ 782,034</u>

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

**NOTE J - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$2,295,807 of restricted net position, \$1,386,238 of which is restricted by enabling legislation.

**NOTE K - COMMITMENTS & CONTINGENCIES**

The City has committed \$4,446,160 for construction costs related to street projects which will be paid with bond proceeds.

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

**NOTE L - SUBSEQUENT EVENTS**

The City authorized general obligation refunding bonds, Series 2017A, to refund \$3,545,000 for the general obligation Series 2009 bonds.



**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, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Sales	\$ 1,612,000	1,612,000	1,544,405	(67,595)
Real estate	128,000	128,000	130,607	2,607
Personal property	32,000	32,000	31,947	(53)
Motor vehicle	140,000	140,000	143,255	3,255
Railroad	40,000	40,000	74,838	34,838
Gasoline	286,000	286,000	294,371	8,371
Cigarette	30,000	30,000	28,148	(1,852)
Road and bridge	72,000	72,000	68,752	(3,248)
Total Taxes	<u>2,340,000</u>	<u>2,340,000</u>	<u>2,316,323</u>	<u>(23,677)</u>
<b>Gross Receipts Taxes</b>				
Utilities	1,220,000	1,220,000	1,215,303	(4,697)
Cable	100,000	100,000	97,647	(2,353)
Total Gross Receipts Taxes	<u>1,320,000</u>	<u>1,320,000</u>	<u>1,312,950</u>	<u>(7,050)</u>
<b>Licenses</b>				
Merchants	32,000	32,000	35,566	3,566
Liquor	1,600	1,600	1,273	(327)
Occupational	5,000	5,000	3,335	(1,665)
Manufacturers	4,000	4,000	2,154	(1,846)
Dog tags	360	360	236	(124)
Other	-	-	40	40
Total Licenses	<u>42,960</u>	<u>42,960</u>	<u>42,604</u>	<u>(356)</u>
<b>Permits and Inspections</b>				
Building permits	43,900	43,900	68,063	24,163
Inspections	21,000	21,000	21,850	850
Total Permits And Inspections	<u>64,900</u>	<u>64,900</u>	<u>89,913</u>	<u>25,013</u>
<b>Recreation Center</b>				
Recreation programs	106,100	106,100	113,837	7,737
Meeting room rental	12,000	12,000	13,125	1,125
Snack bar	10,000	10,000	9,038	(962)

(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, 2017**

	<b>Budget</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES (Continued)</b>				
<b>Recreation Center (Continued)</b>				
Special events	17,500	17,500	15,840	(1,660)
Other	1,000	1,000	5,024	4,024
Total Recreation Center	<u>146,600</u>	<u>146,600</u>	<u>156,864</u>	<u>10,264</u>
<b>Fines and Forfeitures</b>				
Police fines	350,000	350,000	243,891	(106,109)
Court receipts	41,000	41,000	19,371	(21,629)
Bond forfeitures	17,000	17,000	-	(17,000)
Other	7,500	7,500	16,437	8,937
Total Fines And Forfeitures	<u>415,500</u>	<u>415,500</u>	<u>279,699</u>	<u>(135,801)</u>
<b>Intergovernmental</b>	<u>-</u>	<u>-</u>	<u>30,920</u>	<u>30,920</u>
<b>Special assessment</b>	<u>-</u>	<u>-</u>	<u>3,586</u>	<u>3,586</u>
<b>Investment Income</b>	<u>4,000</u>	<u>4,000</u>	<u>6,202</u>	<u>2,202</u>
<b>Other</b>	<u>12,000</u>	<u>12,000</u>	<u>44,665</u>	<u>32,665</u>
Total Revenues	<u>4,345,960</u>	<u>4,345,960</u>	<u>4,283,726</u>	<u>(62,234)</u>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Personnel costs:				
Salaries	172,000	172,000	182,521	10,521
Payroll tax	13,158	13,158	12,016	(1,142)
Total Personnel Costs	<u>185,158</u>	<u>185,158</u>	<u>194,537</u>	<u>9,379</u>
Employee insurance	365,500	365,500	318,717	(46,783)
Pension contribution	340,000	340,000	325,519	(14,481)
Utilities	116,500	116,500	121,518	5,018
Postage	6,000	6,000	5,185	(815)
Election costs	2,400	2,400	-	(2,400)
Supplies	26,000	26,000	18,822	(7,178)

**(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, 2017**

	<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	16,000	16,000	24,568	8,568
Legal fees	75,000	75,000	85,648	10,648
Insurance	25,466	25,466	28,957	3,491
Commission	5,000	5,000	4,255	(745)
Public notices	1,000	1,000	1,098	98
Office equipment maintenance	-	-	5,352	5,352
Advertising	2,500	2,500	2,989	489
Professional development	17,000	17,000	13,893	(3,107)
Miscellaneous	47,200	72,717	88,977	16,260
Total Administration	<u>1,230,724</u>	<u>1,256,241</u>	<u>1,240,035</u>	<u>(16,206)</u>
<b>Building</b>				
Personnel costs:				
Salaries	150,000	150,000	131,235	(18,765)
Payroll tax	11,000	11,000	9,593	(1,407)
Total Personnel Costs	<u>161,000</u>	<u>161,000</u>	<u>140,828</u>	<u>(20,172)</u>
Insurance	16,976	16,976	18,294	1,318
Total Building	<u>177,976</u>	<u>177,976</u>	<u>159,122</u>	<u>(18,854)</u>
<b>Police</b>				
Personnel costs:				
Salaries	1,385,000	1,588,122	1,576,408	(11,714)
Payroll tax	111,231	111,231	114,659	3,428
Total Personnel Costs	<u>1,496,231</u>	<u>1,699,353</u>	<u>1,691,067</u>	<u>(8,286)</u>
Insurance	127,002	127,002	136,944	9,942
Telephone	7,500	7,000	5,335	(1,665)
Uniforms	20,000	11,400	7,714	(3,686)
Office supplies	14,000	7,000	5,953	(1,047)
Miscellaneous	16,000	61,562	91,337	29,775
Prisoner detention	20,000	5,300	530	(4,770)
Equipment maintenance	-	25,350	18,996	(6,354)
Fuel	40,000	25,720	27,931	2,211
Dispatch	75,000	76,500	70,410	(6,090)
Service contract	80,000	32,864	32,663	(201)
Total Police	<u>1,895,733</u>	<u>2,079,051</u>	<u>2,088,880</u>	<u>9,829</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, 2017**

	<b>Budget</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Street</b>				
Personnel costs:				
Salaries	244,000	244,000	245,789	1,789
Payroll tax	18,666	18,666	16,998	(1,668)
Total Personnel Costs	<u>262,666</u>	<u>262,666</u>	<u>262,787</u>	121
Street lights	212,000	212,000	197,173	(14,827)
Fuel	36,000	36,000	29,717	(6,283)
Insurance	22,746	22,746	24,512	1,766
Telephone	3,000	3,000	2,201	(799)
Uniforms	2,000	2,000	1,200	(800)
Total Street	<u>538,412</u>	<u>538,412</u>	<u>517,590</u>	(20,822)
<b>Court</b>				
Personnel costs:				
Salaries	72,000	72,000	66,937	(5,063)
Payroll tax	5,508	5,508	4,915	(593)
Total Personnel Costs	<u>77,508</u>	<u>77,508</u>	<u>71,852</u>	(5,656)
Rejis	-	30,936	7,173	(23,763)
Insurance	8,148	8,148	8,778	630
Other	1,000	1,000	27	(973)
Total Court	<u>86,656</u>	<u>117,592</u>	<u>87,830</u>	(29,762)
<b>Recreation Center</b>				
Personnel costs:				
Salaries	324,000	371,224	370,373	(851)
Payroll tax	25,000	25,000	26,796	1,796
Total Personnel Costs	<u>349,000</u>	<u>396,224</u>	<u>397,169</u>	945
Insurance	34,552	34,552	37,221	2,669
Telephone	4,000	4,000	2,792	(1,208)
Supplies	10,000	10,000	6,918	(3,082)
Equipment maintenance	-	-	8,141	8,141
Snack bar	6,000	6,000	4,537	(1,463)
Special events	14,000	14,000	14,112	112

(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, 2017**

	<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	12,179	(1,821)
Miscellaneous	13,000	13,000	11,380	(1,620)
Total Recreation Center	<u>444,552</u>	<u>491,776</u>	<u>494,449</u>	<u>2,673</u>
Total Expenditures	<u>4,374,053</u>	<u>4,661,048</u>	<u>4,587,906</u>	<u>(73,142)</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(28,093)</u>	<u>(315,088)</u>	<u>(304,180)</u>	<u>10,908</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	5,000	5,000
Insurance recoveries	-	-	15,738	15,738
Other Financing Sources	-	-	20,738	20,738
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (28,093)</u>	<u>(315,088)</u>	(283,442)	<u>31,646</u>
<b>FUND BALANCE, JULY 1</b>			<u>1,375,416</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 1,091,974</u>	

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budget</b>		<b>Actual</b>	<b>Over</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
				<b>Budget</b>
<b>REVENUES</b>				
Taxes	\$ 685,000	685,000	731,432	46,432
Investment income	3,000	3,000	4,350	1,350
Total Revenues	<u>688,000</u>	<u>688,000</u>	<u>735,782</u>	<u>47,782</u>
<b>EXPENDITURES</b>				
Administration	15,000	26,000	24,189	(1,811)
Police	53,000	53,000	8,367	(44,633)
Police - capital outlay	5,000	5,000	-	(5,000)
Street	74,137	74,137	76,784	2,647
Street - capital outlay	45,000	45,000	22,945	(22,055)
Recreation center	220,923	220,923	154,510	(66,413)
Recreation center - capital outlay	-	17,000	17,000	-
Debt service:				
Principal	-	127,011	127,011	-
Interest	-	6,668	6,668	-
Total Expenditures	<u>413,060</u>	<u>574,739</u>	<u>437,474</u>	<u>(137,265)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 274,940</u></u>	<u><u>113,261</u></u>	298,308	<u><u>185,047</u></u>
<b>FUND BALANCE, JULY 1</b>			<u>846,116</u>	
<b>FUND BALANCE, JUNE 30</b>			<u><u>\$ 1,144,424</u></u>	

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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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 Mayor presents to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Annually, the budget is approved and adopted by ordinance by the Board of Aldermen.
- c. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except for grant revenue is netted against capital street projects in the Capital Improvements Fund and certain reimbursements of salaries are netted against expense in the Police Department. (This amounted to \$25,235 and \$15,696, respectively, for the fiscal year ended June 30, 2017.) Expenditures may not legally exceed budgeted appropriations at the department level.
- d. The current year budget may include supplemental appropriations. An ordinance from the Board of Aldermen is required to amend budgeted amounts.
- e. Annual appropriated budgets are adopted for all governmental funds.

**Expenditures**

For the year ended June 30, 2017, 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>
Debt Service Fund	\$407,000	407,348	348



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service cost	\$ 297,751	304,610	299,417
Interest on the total pension liability	1,085,812	1,016,170	985,396
Difference between expected and actual experience	(759,657)	(245,736)	(178,919)
Changes of assumptions	-	630,704	-
Benefit payments, including refunds	(776,977)	(707,823)	(660,933)
Net Change In Total Pension Liability	<u>(153,071)</u>	<u>997,925</u>	<u>444,961</u>
Total Pension Liability Beginning	<u>15,212,146</u>	<u>14,214,221</u>	<u>13,769,260</u>
Total Pension Liability Ending (a)	<u><u>\$ 15,059,075</u></u>	<u><u>15,212,146</u></u>	<u><u>14,214,221</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 294,285	316,774	331,332
Net investment income	1,723,360	(28,528)	300,876
Benefit payments, including refunds	(776,977)	(707,823)	(660,933)
Administrative expense	(10,535)	(11,104)	(12,024)
Other	(294,418)	169,296	72,282
Net Change In Plan Fiduciary Net Position	<u>935,715</u>	<u>(261,385)</u>	<u>31,533</u>
Plan Fiduciary Net Position Beginning	<u>15,344,490</u>	<u>15,605,875</u>	<u>15,574,342</u>
Plan Fiduciary Net Position Ending (b)	<u><u>\$ 16,280,205</u></u>	<u><u>15,344,490</u></u>	<u><u>15,605,875</u></u>
<b>Net Pension Liability (Asset) Ending (a)-(b)</b>	<u><u>\$ (1,221,130)</u></u>	<u><u>(132,344)</u></u>	<u><u>(1,391,654)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.11 %	100.87	109.79
Covered Employee Payroll (for February 28/29 Valuation)	\$ 2,391,504	2,483,202	2,591,495
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(51.06) %	(5.33)	(53.70)

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

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

	<b>For The Years Ended June 30</b>									
	<b>2017</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>
Actuarially determined pension contribution	\$ 294,286	346,821	372,050	386,155	391,991	375,833	365,714	251,841	212,727	176,989
Contributions in relation to the actuarially determined contribution	294,286	316,774	331,333	307,876	290,445	264,857	234,763	202,779	174,459	144,079
Contribution Deficiency	\$ -	30,047	40,717	78,279	101,546	110,976	130,951	49,062	38,268	32,910
Covered Employee Payroll	\$ 2,384,722	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
Contributions as a Percentage of Covered Employee payroll	12.34 %	12.45	12.88	12.31	11.29	10.29	9.31	8.31	7.32	6.45

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
 Amortization method

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

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

Multiple bases from 14 to 15 years  
 5 years smoothed market; 20% corridor  
 3.25% wage inflation; 2.50% price inflation  
 3.25% - 6.55% including wage inflation  
 7.25%, net of investment expenses  
 Experience-based table of rates that are specific to the type of eligibility condition  
 The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Taxes:			
Real estate	\$ 341,000	682,572	341,572
Personal property	65,000	168,185	103,185
Total Taxes	<u>406,000</u>	<u>850,757</u>	<u>444,757</u>
Investment income	1,000	627	(373)
Total Revenues	<u>407,000</u>	<u>851,384</u>	<u>444,384</u>
<b>EXPENDITURES</b>			
Principal	240,000	240,000	-
Interest	167,000	167,348	348
Total Expenditures	<u>407,000</u>	<u>407,348</u>	<u>348</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	444,036	<u>444,036</u>
FUND BALANCE, JULY 1		<u>297,398</u>	
<b>FUND BALANCE, JUNE 30</b>		<u>\$ 741,434</u>	

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BOND FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Investment income	\$ 1,039	1,039	-
<b>EXPENDITURES</b>			
Capital outlay	1,580,210	1,580,210	-
Bond issuance costs	156,519	156,519	-
Total Expenditures	<u>1,736,729</u>	<u>1,736,729</u>	<u>-</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(1,735,690)</u>	<u>(1,735,690)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Issuance of bonds	8,000,000	8,000,000	-
Premium on bond issue	539,483	539,483	-
Total Other Financing Sources	<u>8,539,483</u>	<u>8,539,483</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 6,803,793</u>	6,803,793	<u>-</u>
FUND BALANCE, JULY 1		<u>-</u>	
<b>FUND BALANCE, JUNE 30</b>		<u>\$ 6,803,793</u>	

**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, 2017**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes	\$ 120,000	124,105	4,105
Investment income	200	164	(36)
Total Revenues	120,200	124,269	4,069
<b>EXPENDITURES</b>			
Sewer lateral	88,000	71,561	(16,439)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 32,200</b>	<b>52,708</b>	<b>20,508</b>
FUND BALANCE, JULY 1		138,156	
<b>FUND BALANCE, JUNE 30</b>		<b>\$ 190,864</b>	