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**CITY OF BELLEFONTAINE  
NEIGHBORS, MISSOURI**

**FINANCIAL REPORT**  
(Audited)

Year Ended June 30, 2013

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**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 18, 2013

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, 2013, 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.

- 16100 Chesterfield Parkway W., Suite 125, Chesterfield, Missouri 63017-4829, 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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Required Supplemental Information**

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

## **Other Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental 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 18, 2013 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, 2013**

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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, 2013. It should be read in conjunction with the City's financial statements (attached).

**FINANCIAL HIGHLIGHTS**

Net position increased by \$190,156 and fund balances increased by \$185,802. This was primarily due to an increase in court fines and reduced expenditures for street improvements. The fund balances are adequate for the City to operate efficiently and provide service to its citizens.

At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$2,661,992, an increase of \$185,802 in comparison with the prior year. Approximately 58% of this amount (\$1,502,480) is available for spending at the government's discretion (*unassigned fund balance*).

The General Fund had a reduction in fund balances of \$115,789 and \$126,048 in the current and prior year, respectively. The City's budget had reflected an anticipated deficit of \$80,701 in the original budget and a deficit of \$447,015 in the final budget.

The Capital Improvement Fund had an increase in fund balance of \$272,714 compared to a decrease in fund balance of \$51,623 in the prior year. The increase was primarily due to capital leases being paid off in the prior year as well as reduced capital outlay expenditures.

The Debt Service Fund had an increase in fund balance of \$49,150 and \$35,566 in the current and prior year, respectively. The increase was primarily due to an increase in tax revenue.

The Sewer Lateral Fund had a reduction in fund balance of \$20,273 and \$44,716 in the current and prior year, respectively. Sewer Lateral Fund revenue was \$123,533 and sewer repair costs were \$143,806.

**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, 2013**

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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.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

for the fiduciary fund is much like that used for proprietary funds. The fiduciary fund financial statement can be found on page 15 of this report.

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

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

**CONDENSED FINANCIAL STATEMENTS**

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

A condensed version of the statement of net position follows:

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and other current assets	\$ 3,451,944	3,031,716
Capital assets	<u>7,468,765</u>	<u>7,677,475</u>
Total Assets	<u>10,920,709</u>	<u>10,709,191</u>
<b>LIABILITIES</b>		
Current liabilities	491,113	299,486
Long-term liabilities	<u>5,197,292</u>	<u>5,367,557</u>
Total Liabilities	<u>5,688,405</u>	<u>5,667,043</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,708,430	2,701,318
Restricted	879,908	486,151
Unrestricted	<u>1,643,966</u>	<u>1,854,679</u>
Total Net Position	<u>\$ 5,232,304</u>	<u>5,042,148</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets exceeded liabilities by \$5,232,304 at June 30, 2013.

A portion of the City's net position (31%) 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 (\$879,908) 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, 2013**

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>	
	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$1,117,575	975,650
Operating grants and contributions	758,696	574,059
Capital grants and contributions	133,335	40,245
General revenues	<u>4,358,557</u>	<u>4,325,674</u>
Total Revenues	<u>6,368,163</u>	<u>5,915,628</u>
<b>EXPENSES</b>		
General government	1,467,913	823,065
Building	162,284	172,655
Police	2,482,237	2,740,725
Street	1,015,365	1,130,150
Recreation center	752,597	811,470
Court	110,817	107,289
Interest on long-term debt	<u>186,794</u>	<u>187,845</u>
Total Expenses	<u>6,178,007</u>	<u>5,973,199</u>
<b>CHANGE IN NET POSITION</b>	190,156	(57,571)
<b>NET POSITION, JULY 1</b>	<u>5,042,148</u>	<u>5,099,719</u>
<b>NET POSITION, JUNE 30</b>	<u>\$5,232,304</u>	<u>5,042,148</u>

**SIGNIFICANT CHANGES IN NET POSITION**

Revenues increased by 7.6% from the previous year while expenses increased by 3.4% from the previous year accounting for the increase in net position of \$190,156.

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund exceeded projections during 2013 mainly due to street expenditures coming in lower than expected. The total revenue variance was favorable by 6.7% and the expenditures variance was favorable by 0.6%. The City increased the original budgeted expenditures by \$366,314.

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

The City has invested, net of accumulated depreciation, \$7,468,765 at June 30, 2013, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$208,710 for the current fiscal year (including additions and deductions).

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

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 467,275	467,275
Construction in progress	131,936	-
Buildings	236,912	202,516
Vehicles	217,027	317,893
Equipment	879,052	954,472
Infrastructure	<u>5,536,563</u>	<u>5,735,319</u>
Total Capital Assets	<u>\$7,468,765</u>	<u>7,677,475</u>

The City's long-term debt consists of the Series 2009 general obligation bonds in the amount of \$4,760,335 and future liabilities for compensated absences including compensatory and vacation time payable in the amount of \$119,622.

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, 2013**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 290,856
Investments	1,842,902
Receivables:	
Municipal taxes	566,567
Court, net of allowance	246,829
Intergovernmental	139,529
Gross receipts taxes	123,897
Inventory	24,452
Prepaid items	216,912
Capital assets:	
Land and construction in progress	599,211
Other capital assets, net of accumulated depreciation	6,869,554
Total Assets	<u>10,920,709</u>
<b>LIABILITIES</b>	
Accounts payable	305,910
Accrued interest payable	63,272
Accrued payroll	76,149
Telephone taxes in protest	27,201
Unearned revenue	5,556
Other liabilities	13,025
Noncurrent liabilities:	
Due within one year	244,906
Due in more than one year	4,635,051
Due in more than one year - net pension obligation	317,335
Total Liabilities	<u>5,688,405</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,708,430
Restricted for:	
Debt service	379,439
Sewer lateral	77,620
Capital improvements	347,240
Federal forfeitures	20,479
Police training	5,130
Unrestricted	1,693,966
Total Net Position	<u>\$ 5,232,304</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

		Program Revenues			Net Revenues (Expenses) And Change In Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
<b>Governmental Activities</b>					
General government	\$ 1,467,913	-	165,056	-	(1,302,857)
Building	162,284	72,019	-	-	(90,265)
Police	2,482,237	749,252	121,248	17,735	(1,594,002)
Street	1,015,365	123,081	472,392	115,600	(304,292)
Recreation center	752,597	173,223	-	-	(579,374)
Court	110,817	-	-	-	(110,817)
Interest on long-term debt	186,794	-	-	-	(186,794)
Total Governmental Activities	\$ 6,178,007	1,117,575	758,696	133,335	(4,168,401)
 <b>General Revenues</b>					
Property taxes					720,694
Sales taxes					2,124,751
Gross receipts taxes					1,436,414
Licenses					52,432
Investment income					8,772
Miscellaneous					15,494
Total General Revenues					4,358,557
<b>CHANGE IN NET POSITION</b>					190,156
NET POSITION, JULY 1					5,042,148
NET POSITION, JUNE 30					\$ 5,232,304

See notes to financial statements

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General	Capital Improvement	Debt Service	Habilitation	Nonmajor Sewer Lateral	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 290,831	-	-	25	-	290,856
Investments	1,161,128	315,572	265,248	-	100,954	1,842,902
Receivables:						
Municipal taxes	337,374	99,647	128,730	-	816	566,567
Court, net of allowance	246,829	-	-	-	-	246,829
Intergovernmental	13,171	-	-	126,358	-	139,529
Gross receipts taxes	123,897	-	-	-	-	123,897
Due from other funds	49,068	-	-	-	-	49,068
Inventory	24,452	-	-	-	-	24,452
Prepaid items	216,912	-	-	-	-	216,912
<b>Total Assets</b>	<b>\$ 2,463,662</b>	<b>415,219</b>	<b>393,978</b>	<b>126,383</b>	<b>101,770</b>	<b>3,501,012</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 129,552	50,000	-	126,358	-	305,910
Accrued payroll	68,524	7,625	-	-	-	76,149
Due to other funds	-	10,354	14,539	25	24,150	49,068
Telephone taxes in protest	27,201	-	-	-	-	27,201
Other liabilities	13,025	-	-	-	-	13,025
Unearned revenue - other	5,556	-	-	-	-	5,556
<b>Total Liabilities</b>	<b>243,858</b>	<b>67,979</b>	<b>14,539</b>	<b>126,383</b>	<b>24,150</b>	<b>476,909</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - court	246,829	-	-	-	-	246,829
Unavailable revenue - property taxes	47,407	-	117,875	-	-	165,282
<b>Total Deferred Inflows Of Resources</b>	<b>294,236</b>	<b>-</b>	<b>117,875</b>	<b>-</b>	<b>-</b>	<b>412,111</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	216,912	-	-	-	-	216,912
Inventory	24,452	-	-	-	-	24,452
Restricted for:						
Debt service	-	-	261,564	-	-	261,564
Sewer lateral	-	-	-	-	77,620	77,620
Police training	5,130	-	-	-	-	5,130
Federal forfeitures	20,479	-	-	-	-	20,479
Capital improvement	-	347,240	-	-	-	347,240
Assigned for subsequent year's budget	156,115	-	-	-	-	156,115
Unassigned	1,502,480	-	-	-	-	1,502,480
<b>Total Fund Balances</b>	<b>1,925,568</b>	<b>347,240</b>	<b>261,564</b>	<b>-</b>	<b>77,620</b>	<b>2,611,992</b>
<b>Total Liabilities, Deferred Inflows Of Resources, And Fund Balances</b>	<b>\$ 2,463,662</b>	<b>415,219</b>	<b>393,978</b>	<b>126,383</b>	<b>101,770</b>	<b>3,501,012</b>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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Total Fund Balances - Governmental Funds	\$ 2,611,992
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 \$14,614,303 and the accumulated depreciation is \$7,145,538.	7,468,765
Property taxes and municipal court receivables are assessed by or due to the City, but the amounts not collected as of August 31, 2013 (within 60 days) are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	412,111
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	(63,272)
Accrued compensated absences	(119,622)
Net pension obligation	(317,335)
General obligation bonds	(4,760,335)
	(5,260,564)
Total Net Position Of Governmental Activities	\$ 5,232,304

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General	Capital Improvement	Debt Service	Habilitation	Nonmajor Sewer Lateral	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 2,142,071	676,273	452,538	-	123,081	3,393,963
Gross receipts taxes	1,436,414	-	-	-	-	1,436,414
Licenses	52,432	-	-	-	-	52,432
Permits and inspections	72,019	-	-	-	-	72,019
Recreation center	173,223	-	-	-	-	173,223
Fines and forfeitures	749,252	-	-	-	-	749,252
Miscellaneous	15,494	-	-	-	-	15,494
Investment income	5,534	1,758	1,028	-	452	8,772
Grants	271,871	-	-	147,768	-	419,639
Total Revenues	<u>4,918,310</u>	<u>678,031</u>	<u>453,566</u>	<u>147,768</u>	<u>123,533</u>	<u>6,321,208</u>
<b>EXPENDITURES</b>						
Current:						
Administration	1,220,910	-	-	-	-	1,220,910
Building	157,742	-	-	-	-	157,742
Police	2,355,172	21,809	-	-	-	2,376,981
Street	526,215	67,644	-	-	-	593,859
Court	110,817	-	-	-	-	110,817
Recreation center	461,549	215,178	-	-	-	676,727
Sewer lateral	-	-	-	-	143,806	143,806
Habilitation	-	-	-	147,768	-	147,768
Capital outlay	201,694	100,686	-	-	-	302,380
Debt service:						
Principal	-	-	210,000	-	-	210,000
Interest	-	-	194,416	-	-	194,416
Total Expenditures	<u>5,034,099</u>	<u>405,317</u>	<u>404,416</u>	<u>147,768</u>	<u>143,806</u>	<u>6,135,406</u>
<b>NET CHANGE IN FUND BALANCE</b>	(115,789)	272,714	49,150	-	(20,273)	185,802
FUND BALANCES, JULY 1	<u>2,041,357</u>	<u>74,526</u>	<u>212,414</u>	<u>-</u>	<u>97,893</u>	<u>2,426,190</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,925,568</u>	<u>347,240</u>	<u>261,564</u>	<u>-</u>	<u>77,620</u>	<u>2,611,992</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, 2013**

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Net Change In Fund Balances - Governmental Funds	\$ 185,802
<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 depreciation of \$451,762 exceeded the amount of capital outlays over the capitalization threshold of \$243,052 in the current period.</p>	
	(208,710)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
	41,399
<p>The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>	
Amortization of premium	5,822
General obligation bond payments	210,000
<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	43,131
Accrued interest on debt	1,400
Accrued net pension obligation	(88,688)
	(88,688)
Change In Net Position Of Governmental Activities	\$ 190,156

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND**  
**JUNE 30, 2013**

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**ASSETS**

Cash \$ 53,818

**LIABILITIES**

Due to others 53,818

**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) 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.

**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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 \$246,829 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

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

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

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

**15. Use of Estimates**

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

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

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

As of June 30, 2013, 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, 2013, 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	<u>\$ 1,842,902</u>	<u>1,842,902</u>	<u>-</u>	<u>-</u>	Not rated

**Investments Policies**

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

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes the risk by structuring the invest-

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

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

**2. Investments (Continued)**

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

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

**NOTE C - CAPITAL ASSETS**

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

	<b>For The Year Ended June 30, 2013</b>			<b>Balance June 30 2013</b>
	<b>Balance June 30 2012</b>	<b>Additions</b>	<b>Retirements</b>	
Capital assets not being depreciated:				
Land	\$ 467,275	-	-	467,275
Construction in progress	-	131,936	-	131,936
Total Capital Assets Not Being Depreciated	467,275	131,936	-	599,211
Capital assets being depreciated:				
Buildings	4,720,858	46,178	-	4,767,036
Vehicles	966,149	-	-	966,149
Equipment	2,246,244	64,938	41,957	2,269,225
Infrastructure	6,012,682	-	-	6,012,682
Total Capital Assets Being Depreciated	13,945,933	111,116	41,957	14,015,092
Less - Accumulated Depreciation for:				
Buildings	4,518,342	11,782	-	4,530,124
Vehicles	648,256	100,866	-	749,122
Equipment	1,291,772	140,358	41,957	1,390,173
Infrastructure	277,363	198,756	-	476,119
Total Accumulated Depreciation	6,735,733	451,762	41,957	7,145,538
Total Capital Assets Being Depreciated, Net	7,210,200	(340,646)	-	6,869,554
Governmental Activities Capital Assets, Net	<u>\$ 7,677,475</u>	<u>(208,710)</u>	<u>-</u>	<u>7,468,765</u>

Beginning capital assets were increased by \$50,000 for street infrastructure.

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

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**NOTE C - CAPITAL ASSETS (Continued)**

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

	<b>For The Year Ended June 30 <u>2013</u></b>
General government	\$ 30,335
Police	73,543
Building	4,542
Recreation center	75,870
Street	<u>267,472</u>
Total	<u>\$451,762</u>

**NOTE D - PENSION PLAN**

**1. Plan Description**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Sections RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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

**2. Funding Status**

Full-time employees of the City do not contribute to the pension plan. The June 30 statutorily required contribution rates are 11.8% (General) and 11.0% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

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

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

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

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

	<b>For The Year Ended June 30 2013</b>
	<b>2013</b>
Annual required contribution (ARC)	\$ 371,601
Interest on NPO	16,577
Adjustment to ARC	(12,614)
APC	375,564
Actual contributions	286,876
Increase in NPO	88,688
NPO, beginning of year	228,647
NPO, End Of Year	\$ 317,335

The ARC was determined as part of the February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2011 was 30 years for the General division and 30 years for the Police division.

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

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

**4. Trend Information**

**Three-Year Trend Information**

<b>For The Plan Years Ended <u>June 30</u></b>	<b><u>APC</u></b>	<b><u>Percentage Of APC Contributed</u></b>	<b><u>NPO</u></b>
2013	\$375,564	76.4%	\$317,335
2012	364,350	71.3	228,647
2011	353,262	64.9	123,995

**Schedule of Funding Progress - Required Supplemental Information**

<b>For The Actuarial Valuation Years Ended <u>February 28/29</u></b>	<b><u>Actuarial Value Of Assets</u></b>	<b><u>Entry Age Actuarial Accrued Liability</u></b>	<b><u>Unfunded Accrued Liability</u></b>
2013	\$6,433,068	\$7,164,239	\$ 731,171
2012	5,634,956	6,675,152	1,040,196
2011	5,717,447	6,768,031	1,050,584

<b>For The Actuarial Valuation Years Ended <u>February 28/29</u></b>	<b><u>Funded Ratio</u></b>	<b><u>Annual Covered Payroll</u></b>	<b><u>Unfunded Accrued Liability As A Percentage Of Covered Payroll</u></b>
2013	90%	\$2,618,070	28%
2012	84	2,410,578	43
2011	84	2,389,022	44

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

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

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**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 \$33,850 for the year ended June 30, 2013.

**NOTE F - DEFERRED COMPENSATION PLANS**

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

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

**NOTE G - LONG-TERM LIABILITIES**

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

	For The Year Ended June 30, 2013				Due Within One Year
	Balance June 30 2012	Additions	Payment And Amortization	Balance June 30 2013	
General obligation bonds	\$ 4,905,000	-	210,000	4,695,000	215,000
Plus - Premium on bonds	71,157	-	5,822	65,335	-
Compensated absences	162,753	186,108	229,239	119,622	29,906
Total	\$ 5,138,910	186,108	445,061	4,879,957	244,906

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

**General Obligation Bonds**

In August 2009, the City issued \$5,500,000 in General Obligation Bonds (Series 2009) due in varying amounts through March 1, 2029 with interest at 2% to 4.375%. The Series 2009 Bonds are being used for infrastructure improvements.

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

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

Aggregate maturities required on general obligation bonds are as follows:

<b>For The Years Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 215,000	189,818	404,818
2015	215,000	184,711	399,711
2016	230,000	178,799	408,799
2017	240,000	167,299	407,299
2018	250,000	155,299	405,299
2019 - 2023	1,420,000	615,711	2,035,711
2024 - 2028	1,730,000	311,726	2,041,726
2029	395,000	17,281	412,281
Total	<u>\$ 4,695,000</u>	<u>1,820,644</u>	<u>6,515,644</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, 2013.

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:

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

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

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2013</u>
General Fund	Capital Improvement Fund	\$10,354
General Fund	Debt Service Fund	14,539
General Fund	Habilitation Fund	25
General Fund	Nonmajor Fund	<u>24,150</u>
Total		<u>\$49,068</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Amounts are expected to be repaid during the fiscal year ending June 30, 2014.

**NOTE J - RELATED PARTY TRANSACTION**

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

**NOTE K - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$879,908 of restricted net position, \$500,469 of which is restricted by enabling legislation.

**NOTE L - RESTATEMENT AND PRIOR PERIOD ADJUSTMENT**

The previously stated net position has been retroactively restated to implement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* and the previous fund balance was adjusted as follows:

	<u>Governmental Activities</u>	<u>Capital Improvement</u>
Fund balance/net position, June 30, 2012, as previously reported	\$5,137,396	124,526
Restatement for:		
Bond issue costs	(116,895)	-
Accumulated amortization	21,647	-
Construction payable	<u>-</u>	<u>(50,000)</u>
Fund Balance/Net Position, June 30, 2012, As Restated	<u>\$5,042,148</u>	<u>74,526</u>

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Sales	\$ 1,443,675	1,443,675	1,418,847	(24,828)
Real estate	132,000	132,000	159,289	27,289
Personal property	32,000	32,000	28,558	(3,442)
Motor vehicle	116,415	116,415	113,608	(2,807)
Railroad	25,000	25,000	33,354	8,354
Gasoline	303,567	303,567	273,902	(29,665)
Cigarette	31,462	31,462	29,631	(1,831)
Road and bridge	86,000	86,000	84,882	(1,118)
Total Taxes	<u>2,170,119</u>	<u>2,170,119</u>	<u>2,142,071</u>	<u>(28,048)</u>
<b>Gross Receipts Taxes</b>				
Utilities	1,362,000	1,362,000	1,361,556	(444)
Cable	78,000	78,000	74,858	(3,142)
Total Gross Receipts Taxes	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,436,414</u>	<u>(3,586)</u>
<b>Licenses</b>				
Merchants	35,000	35,000	44,242	9,242
Liquor	1,800	1,800	1,850	50
Occupational	3,000	3,000	3,295	295
Manufacturers	2,000	2,000	1,063	(937)
Dog tags	601	601	382	(219)
Miscellaneous	3,399	3,399	1,600	(1,799)
Total Licenses	<u>45,800</u>	<u>45,800</u>	<u>52,432</u>	<u>6,632</u>
<b>Permits and Inspections</b>				
Building permits	44,320	44,320	53,879	9,559
Inspections	10,680	10,680	18,140	7,460
Total Permits And Inspections	<u>55,000</u>	<u>55,000</u>	<u>72,019</u>	<u>17,019</u>
<b>Recreation Center</b>				
Recreation programs	114,257	114,257	114,951	694
Meeting room rental	10,759	10,759	11,210	451
Snack bar	15,604	15,604	11,883	(3,721)

**(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, 2013**

	<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	19,582	19,582	20,713	1,131
Miscellaneous	14,799	14,799	14,466	(333)
Total Recreation Center	<u>175,001</u>	<u>175,001</u>	<u>173,223</u>	<u>(1,778)</u>
<b>Fines and Forfeitures</b>				
Court receipts	75,015	75,015	90,478	15,463
Police fines	491,200	491,200	621,211	130,011
Bond forfeitures	22,700	22,700	27,103	4,403
Other	11,085	11,085	10,460	(625)
Total Fines And Forfeitures	<u>600,000</u>	<u>600,000</u>	<u>749,252</u>	<u>149,252</u>
<b>Miscellaneous</b>	<u>6,000</u>	<u>6,000</u>	<u>15,494</u>	<u>9,494</u>
<b>Investment Income</b>	<u>9,000</u>	<u>9,000</u>	<u>5,534</u>	<u>(3,466)</u>
<b>Grants</b>	<u>-</u>	<u>-</u>	<u>157,187</u>	<u>157,187</u>
Total Revenues	<u>4,500,920</u>	<u>4,500,920</u>	<u>4,803,626</u>	<u>302,706</u>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Personnel costs:				
Salaries	185,597	188,297	188,111	(186)
Payroll tax	14,198	14,198	13,859	(339)
Total Personnel Costs	<u>199,795</u>	<u>202,495</u>	<u>201,970</u>	<u>(525)</u>
Employee insurance	378,982	378,982	332,897	(46,085)
Pension contribution	270,000	290,000	320,726	30,726
Utilities	116,736	116,736	123,998	7,262
Postage	5,745	5,745	5,200	(545)
Election costs	3,000	3,000	-	(3,000)
Supplies	30,177	30,177	28,797	(1,380)
Accounting	14,000	14,000	15,142	1,142
Legal fees	61,035	61,035	69,710	8,675
Insurance	19,796	20,496	15,007	(5,489)

(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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b>EXPENDITURES (Continued)</b>				
<b>Administration (Continued)</b>				
Commission	2,922	2,922	4,355	1,433
Public notices	813	813	256	(557)
Office equipment maintenance	29,000	29,000	13,620	(15,380)
Advertising	1,500	1,500	11,987	10,487
Professional development	13,000	13,000	13,208	208
Miscellaneous	52,654	52,654	64,037	11,383
Total Administration	<u>1,199,155</u>	<u>1,222,555</u>	<u>1,220,910</u>	<u>(1,645)</u>
<b>Building</b>				
Personnel costs:				
Salaries	120,804	138,813	137,948	(865)
Payroll tax	9,242	9,742	10,026	284
Total Personnel Costs	<u>130,046</u>	<u>148,555</u>	<u>147,974</u>	<u>(581)</u>
Insurance	9,293	9,793	9,768	(25)
Total Building	<u>139,339</u>	<u>158,348</u>	<u>157,742</u>	<u>(606)</u>
<b>Police</b>				
Personnel costs:				
Salaries	1,653,540	1,738,235	1,682,477	(55,758)
Payroll tax	126,496	126,496	129,899	3,403
Total Personnel Costs	<u>1,780,036</u>	<u>1,864,731</u>	<u>1,812,376</u>	<u>(52,355)</u>
Telephone	7,500	7,500	6,405	(1,095)
Insurance	127,205	133,705	133,704	(1)
Uniforms	19,500	19,500	16,429	(3,071)
Office supplies	8,500	8,500	7,511	(989)
Miscellaneous	17,663	17,663	29,934	12,271
Prisoner detention	25,000	25,000	33,828	8,828
Equipment maintenance	28,425	28,425	20,742	(7,683)
Fuel	65,000	65,000	48,021	(16,979)
Dispatch	64,852	64,852	56,710	(8,142)
Service contract	78,763	78,763	74,828	(3,935)
Capital outlay	-	-	69,758	69,758
Total Police	<u>2,222,444</u>	<u>2,313,639</u>	<u>2,310,246</u>	<u>(3,393)</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, 2013**

EXPENDITURES (Continued)	Budget		Actual	Over
	Original	Final		(Under)
<b>Street</b>				
Personnel costs:				
Salaries	251,598	255,398	239,044	(16,354)
Payroll tax	19,247	19,247	17,024	(2,223)
Total Personnel Costs	270,845	274,645	256,068	(18,577)
Street lights	175,000	175,000	185,465	10,465
Fuel	65,000	65,000	57,065	(7,935)
Insurance	22,392	23,492	23,816	324
Telephone	3,600	3,600	2,553	(1,047)
Uniforms	2,000	2,000	1,056	(944)
Miscellaneous	300	300	192	(108)
Capital outlay	-	132,000	131,936	(64)
Total Street	539,137	676,037	658,151	(17,886)
<b>Court</b>				
Personnel costs:				
Salaries	84,673	99,073	96,719	(2,354)
Payroll tax	6,477	6,477	7,251	774
Total Personnel Costs	91,150	105,550	103,970	(1,580)
Insurance	6,514	6,814	6,847	33
Total Court	97,664	112,364	110,817	(1,547)
<b>Recreation Center</b>				
Personnel costs:				
Salaries	230,916	310,326	301,332	(8,994)
Payroll tax	17,665	17,665	21,892	4,227
Total Personnel Costs	248,581	327,991	323,224	(4,767)
Telephone	2,008	2,008	1,893	(115)
Insurance	34,689	36,389	36,460	71
Supplies	7,014	7,014	9,743	2,729
Equipment maintenance	46,901	46,901	45,629	(1,272)
Snack bar	8,353	8,353	6,172	(2,181)
Special events	14,856	14,856	16,265	1,409

(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, 2013**

	<b>Budget</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Recreation Center (Continued)</b>				
Recreational programs	12,891	12,891	13,419	528
Miscellaneous	8,589	8,589	8,744	155
Total Recreation Center	383,882	464,992	461,549	(3,443)
Total Expenditures	4,581,621	4,947,935	4,919,415	(28,520)
 <b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (80,701)</b>	<b>(447,015)</b>	<b>(115,789)</b>	<b>331,226</b>
 <b>FUND BALANCE, JULY 1</b>			<b>2,041,357</b>	
 <b>FUND BALANCE, JUNE 30</b>			<b>\$ 1,925,568</b>	

**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, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 600,000	600,000	676,273	76,273
Investment income	1,000	1,000	1,758	758
Total Revenues	<u>601,000</u>	<u>601,000</u>	<u>678,031</u>	<u>77,031</u>
<b>EXPENDITURES</b>				
Administration - capital outlay	19,000	19,000	14,804	(4,196)
Police	24,850	23,950	21,809	(2,141)
Police - capital outlay	-	900	-	(900)
Street	77,494	78,194	67,644	(10,550)
Street - capital outlay	84,000	84,000	46,919	(37,081)
Recreation center	236,830	224,430	215,178	(9,252)
Recreation center - capital outlay	75,000	75,000	38,963	(36,037)
Total Expenditures	<u>517,174</u>	<u>505,474</u>	<u>405,317</u>	<u>(100,157)</u>
<b>NET CHANGE IN FUND</b>				
<b>BALANCE</b>	<u>\$ 83,826</u>	<u>95,526</u>	272,714	<u>177,188</u>
FUND BALANCE, JULY 1			<u>74,526</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 347,240</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, 2013**

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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. Public hearing meetings are held to obtain taxpayer comments.
- c. Prior to July 1, the budget is adopted by the Board of Aldermen.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America, except:
  - 1) Certain reimbursements of salaries are netted against expense in the Police Department. This amounted to \$114,684 for the fiscal year ended June 30, 2013.  
Expenditures may not legally exceed budgeted appropriations at the department level.
- e. The current year budget may include supplemental appropriations. A motion from the Board of Aldermen is required to transfer budgeted amounts between funds, or to transfer substantial budgeted amounts between departments within any fund or for any revisions that would alter the total expenditures of any fund.
- f. Annual appropriated budgets are adopted for all governmental funds, except for the Habilitation Fund.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BELLEFONTAINE NEIGHBORS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SEWER LATERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Taxes	\$ 120,000	120,000	123,081	3,081
Investment income	750	750	452	(298)
Total Revenues	120,750	120,750	123,533	2,783
<b>EXPENDITURES</b>				
Sewer lateral	103,100	144,100	143,806	(294)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 17,650</b>	<b>(23,350)</b>	<b>(20,273)</b>	<b>3,077</b>
FUND BALANCE, JULY 1			97,893	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ 77,620</b>	

**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, 2013**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes:			
Real estate	\$ 375,000	377,447	2,447
Personal property	60,000	75,091	15,091
Total Taxes	435,000	452,538	17,538
Investment income	1,400	1,028	(372)
Total Revenues	436,400	453,566	17,166
<b>EXPENDITURES</b>			
Principal	210,000	210,000	-
Interest	194,018	194,416	398
Total Expenditures	404,018	404,416	398
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 32,382</b>	<b>49,150</b>	<b>16,768</b>
<b>FUND BALANCE, JULY 1</b>		<b>212,414</b>	
<b>FUND BALANCE, JUNE 30</b>		<b>\$ 261,564</b>	