

CITY OF BALLWIN, MISSOURI
REPORT TO THE MAYOR AND BOARD OF ALDERMEN
December 31, 2012



CPAs and
Management Consultants

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Honorable Mayor and Board of Aldermen
City of Ballwin, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Ballwin, Missouri (the City) for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated February 12, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements.

During the year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant accounting estimates in the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Other Locations

Belleville, IL • Carbondale, IL • Jacksonville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

- To increase sewer lateral taxes receivable and revenues \$66,449
- To increase cash and accrued liabilities \$27,210
- To increase other financing sources and capital outlay expenditures \$125,690

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management, Mayor, and Board of Aldermen and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our sincere appreciation to Denise Keller and other City staff for their cooperation and assistance throughout the audit and for the opportunity to serve the City of Ballwin.

Kerker, Eck & Braeckel LLP

St. Louis, Missouri
May 6, 2013

CITY OF BALLWIN, MISSOURI
OMB CIRCULAR A-133 SINGLE AUDIT REPORT
Year Ended December 31, 2012

CITY OF BALLWIN, MISSOURI

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**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Honorable Mayor and Board of Aldermen
City of Ballwin, Missouri

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Ballwin, Missouri as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Ballwin, Missouri's basic financial statements, and have issued our report thereon dated May 6, 2013.

Internal Control over Financial Reporting

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

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

Other Locations

Belleville, IL • Carbondale, IL • Jacksonville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

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

Compliance and Other Matters

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

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

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
May 6, 2013



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**Independent Auditors' Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Honorable Mayor and Board of Aldermen
City of Ballwin, Missouri

Report on Compliance for Each Major Federal Program

We have audited City of Ballwin, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Ballwin, Missouri's major federal programs for the year ended December 31, 2012. The City of Ballwin, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Ballwin, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ballwin, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Other Locations

Belleville, IL • Carbondale, IL • Jacksonville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

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

Opinion on Each Major Federal Program

In our opinion, the City of Ballwin, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Ballwin, Missouri as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Ballwin, Missouri's basic financial statements. We have issued our report thereon dated May 6, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Kerber, Eick & Braeckel LLP

St. Louis, Missouri
May 6, 2013

CITY OF BALLWIN, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2012

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Transportation			
Passed-through Missouri Department of Transportation Highway Planning and Construction	20.205		\$ 772,510
U.S. Department of Energy			
Passed-through Missouri Department of Natural Resources Energy Efficiency and Conservation Block Grant Program - ARRA	81.128		150,000
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		<u>1,082</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 923,592</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALLWIN, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year ended December 31, 2012

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is prepared on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF BALLWIN, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year ended December 31, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinion

Internal control over financial reporting

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

The programs tested as major programs include:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between type A and type B programs: \$300,000

City of Ballwin, Missouri qualified as low risk auditee? No

CITY OF BALLWIN, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings which are required to be reported in accordance with Generally Accepted Governmental Auditing Standards.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards.

CITY OF BALLWIN, MISSOURI

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended December 31, 2012

There were no prior year findings and questioned costs related to Federal Awards.

CITY OF BALLWIN, MISSOURI
MEMORANDUM OF ADVISORY COMMENTS

December 31, 2012



Kerber, Eck & Braeckel LLP

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Honorable Mayor and Board of Aldermen
City of Ballwin, Missouri

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Ballwin, Missouri (the City) as of and for the year ended December 31, 2012, 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, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated May 6, 2013, on the financial statements of City of Ballwin, Missouri.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Board of Alderman and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
May 6, 2013

Other Locations

Belleville, IL • Carbondale, IL • Jacksonville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

MEMORANDUM OF ADVISORY COMMENTS

December 31, 2012

Payroll

The Finance Clerk responsible for processing payroll has the ability to add new employees and adjust pay rates within the payroll master files. We recommend that those responsible for processing payroll not have access to payroll master files. If this is not practicable, as an alternative, we recommend that an edit report be generated each pay period from the payroll system that indicates any new employees that were added and any changes to pay rates. This report should be reviewed and approved by someone not responsible for processing payroll.

**CITY OF BALLWIN,
MISSOURI**

FINANCIAL REPORT

Year Ended December 31, 2012

CITY OF BALLWIN, MISSOURI
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Independent Auditors' Report

Honorable Mayor and Board of Aldermen
City of Ballwin, 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 Ballwin, Missouri (the City) as of and for the year ended December 31, 2012, 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.

Auditors' 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 from material misstatement.

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 entity'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 entity'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.

Other Locations

Belleville, IL • Carbondale, IL • Jacksonville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

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 of Ballwin, Missouri, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 39 through 46 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 supplementary 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 of Ballwin, Missouri's basic financial statements. The supplementary information on pages 48 through 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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 supplementary 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 May 6, 2013, on our consideration of the City of Ballwin, Missouri'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 of Ballwin, Missouri's internal control over financial reporting and compliance.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
May 6, 2013

**CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012**

The management's discussion and analysis of the City of Ballwin, Missouri's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements following this narrative.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, the assets of the City were more than its liabilities at the close of fiscal year 2012 by \$55,740,705 (net position). Investments increased while long-term obligations decreased.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,133,147, an increase of \$596,045 in comparison with the total fund balance at fiscal year end December 31, 2011. 68% of the total governmental fund balances, or \$8,230,761, is *unassigned* and available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,230,761, or approximately 46% of total General Fund revenues (\$17,707,915) and 51% of General Fund expenditures (\$16,124,939).
- The City's total debt decreased by \$2,188,423. This decrease includes final payoff of the City's general obligation bonds made in 2012. A debt balance of \$15,562,107 remains.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary 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. These statements provide both long-term and short-term information about the City's overall financial status.

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. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

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 parks and recreation, police, judicial, public works and general government.

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 uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The City maintains governmental funds and one fiduciary fund.

Governmental funds. Governmental funds are used to account for most of the City's basic services which focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances remaining at year-end that are readily available for spending. Governmental funds use the modified accrual method of accounting to focus on the near-term inflows and outflows of expendable resources and balances of year-end expendable resources. This detailed short-term view helps readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.

The City maintains four major funds: General Fund, Capital Projects Fund, Special Allocation Fund, and the Town Center Debt Service Fund. These funds are represented separately on the governmental funds balance sheet, as well as on the statement of revenues, expenditures and changes in fund balances. Data from other governmental funds, such as the Debt Service Fund, Sewer Lateral Fund, Federal Asset Seizure Fund and P.O.S.T. Fund are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

An annual appropriations budget is adopted by the City as required by the General Statutes. The General Fund, Capital Projects Fund, Special Allocation Fund, Sewer Lateral Fund, Debt Service Fund, Federal Asset Seizure Fund and P.O.S.T. Fund budgets are included in the budget document. The General Fund budget is a legally adopted document that incorporates input from the management of the City and the decisions of the Board of Aldermen about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. Budget workshop meetings, as well as the budget adoption meeting, are open to the public. Budgetary comparison statements have been provided for all budgeted funds except the Federal Asset Seizure Fund and P.O.S.T. Fund to demonstrate legal compliance with the respective adopted budgets.

Fiduciary funds. The City was the trustee, or fiduciary, for its police employees' pension plan. The City terminated this defined contribution plan during 2012. Police employees have been incorporated into the Missouri statute regulated defined benefit plan which is currently in place for its general employees.

CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

Notes to the Basic Financial Statements. These notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

Required Supplementary Information. This management's discussion and analysis and budgetary comparison schedule for the General Fund and Special Allocation Fund represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes.

Supplementary Information. This part of the annual report includes a budgetary comparison schedule for the Capital Projects Fund, Sewer Lateral Fund, and Debt Service Fund. This supplemental information is provided to address certain specific needs of various users of the City's annual report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The City uses its capital assets (land, buildings, machinery and equipment, and infrastructure) 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 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 net position is as follows:

	<u>December 31,</u>		<u>2012 Change</u>	
	<u>2012</u>	<u>2011</u>	<u>Amount</u>	<u>Percent</u>
ASSETS				
Current and other assets	\$ 14,182,716	\$ 13,096,943	\$ 1,085,773	8.3 %
Capital assets, net	59,167,841	58,111,852	1,055,989	1.8
Total Assets	<u>73,350,557</u>	<u>71,208,795</u>	<u>2,141,762</u>	3.0
LIABILITIES				
Long-term liabilities	15,807,420	17,952,677	(2,145,257)	(11.9)
Other liabilities	1,802,432	1,139,639	662,793	58.2
Total Liabilities	<u>17,609,852</u>	<u>19,092,316</u>	<u>(1,482,464)</u>	(7.8)
NET ASSETS				
Invested in capital assets, net of related debt	58,484,942	55,892,903	2,592,039	4.6
Restricted	3,933,812	4,619,234	(685,422)	(14.8)
Unrestricted (deficiency)	<u>(6,678,049)</u>	<u>(8,395,658)</u>	<u>1,717,609</u>	20.5
Total Net Assets	<u>\$ 55,740,705</u>	<u>\$ 52,116,479</u>	<u>\$ 3,624,226</u>	7.0 %

CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position is primarily negative due to \$14,300,000 in outstanding Tax Increment Financing Refunding Bonds Series 2002 for infrastructure assets not owned by the City. These bonds are limited obligations of the City and are funded only by incremental revenues generated within the TIF 2-A district.

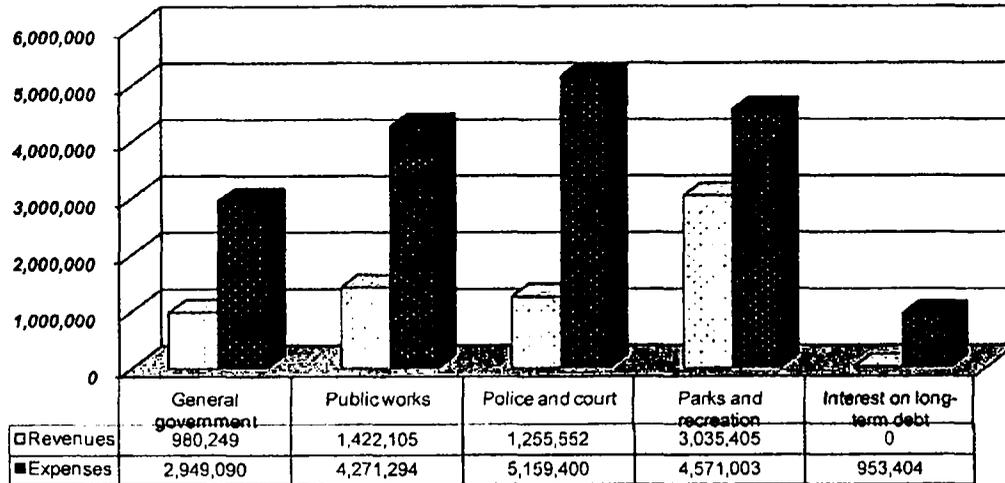
Governmental activities. Governmental activities increased the City's net position by \$3,624,226.

A condensed version of the statement of activities is as follows:

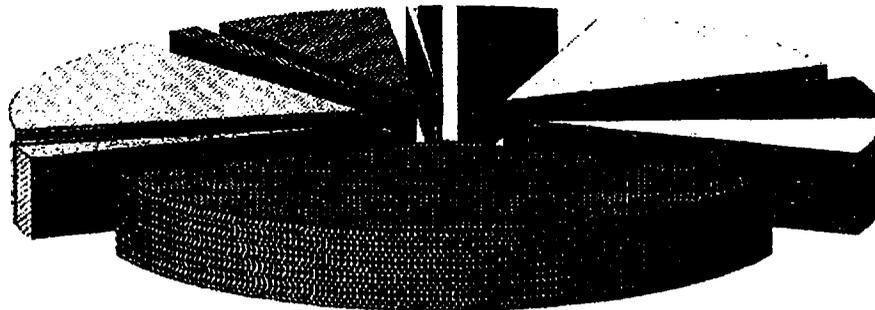
	For The Years		2012 Change	
	Ended December 31,		Amount	Percent
	2012	2011		
REVENUES				
Program revenues:				
Charges for services	\$ 4,963,818	\$ 4,689,519	\$ 274,299	5.8 %
Operating grants and contributions	345,669	161,896	183,773	113.5
Capital grants and contributions	1,383,824	631,080	752,744	119.3
General revenues:				
Taxes	14,522,190	14,400,407	121,783	0.8
Investment income	80,357	314,509	(234,152)	(74.5)
Miscellaneous	232,559	267,097	(34,538)	(12.9)
Total Revenues	<u>21,528,417</u>	<u>20,464,508</u>	<u>1,063,909</u>	5.2
EXPENSES				
General government	2,949,090	2,975,328	(26,238)	(0.9)
Public works	4,271,294	6,027,188	(1,755,894)	(29.1)
Police and court	5,159,400	4,994,184	165,216	3.3
Parks and recreation	4,571,003	4,461,133	109,870	2.5
Interest on long-term debt	953,404	1,115,108	(161,704)	(14.5)
Total Expenses	<u>17,904,191</u>	<u>19,572,941</u>	<u>(1,668,750)</u>	(8.5)
CHANGE IN NET ASSETS	3,624,226	891,567	2,732,659	306.5
NET ASSETS, JANUARY 1	<u>52,116,479</u>	<u>51,224,912</u>	<u>891,567</u>	1.7
NET ASSETS, DECEMBER 31	<u>\$ 55,740,705</u>	<u>\$ 52,116,479</u>	<u>\$ 3,624,226</u>	7.0 %

**CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012**

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



■ General government	□ Parks and recreation	■ Police and court
□ Public works	■ General sales and use tax	□ Franchise tax
□ Cigarette tax	■ Utility gross receipts	□ Property tax
■ Fuel and road tax	□ Investment income	■ Miscellaneous

**CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ended December 31, 2012 the governmental funds reflected a combined fund balance of \$12,133,147. The \$596,045 increase in fund balance from December 31, 2011 is attributed to a 4% increase in sales tax revenues from an improving economy and higher court fine revenue of 28%.

The major expenditure in the Capital Projects Fund for 2012 was \$954,796 in major street improvements, offset by federal reimbursements of \$555,613. In addition, there were transfers out totaling \$1,006,688 for debt payments.

A total of \$8,230,761, or 68% of the combined total fund balances, constitutes *unassigned fund balance*, which generally is available for spending at the government's discretion.

BUDGETARY HIGHLIGHTS

The City's Board of Aldermen approved an amendment of the 2012 Budget in November of 2012. This amendment was to reduce projections for utility gross receipts revenue, increase court fine revenue and to remove expenditures for the Great Streets Project which has been deferred to a future period. The Holloway Road culvert project was approved in 2012 to receive federal funding. The project has subsequently been deferred until 2014. Additional adjustments were made to line items in conjunction with program reallocations.

Most revenues were relatively constant with budget. Final sales tax revenues were 3% higher than those budgeted and court fines came in over budget by 14% due to a larger caseload and higher fines dispositioned by the Prosecutor. Building permits resulted in more revenue than budgeted due to new commercial construction in the City. Recreation fees from the City's community recreation center exceeded the budget by 5%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2012, the City's net capital assets totaled \$59,167,841. These assets include land and improvements, rights-of-way, historical treasures, construction in progress, infrastructure reconstruction, buildings and improvements, historical treasures, furniture and fixtures, intangible assets, machinery and equipment, and vehicles.

CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

	December 31,	
	2012	2011
Capital Assets		
Land and improvements	\$ 7,271,150	\$ 7,265,978
Buildings and improvements	22,395,681	22,196,144
Historical treasures	247,573	247,573
Furniture and fixtures	109,074	109,074
Machinery and equipment	2,517,593	2,425,184
Vehicles	2,154,983	2,035,126
Intangible assets	517,642	127,011
Infrastructure	88,049,531	85,389,892
Right-of-way	13,230,346	12,997,888
Construction in progress	56,857	361,170
	<u>136,550,430</u>	<u>133,155,040</u>
Less - Accumulated depreciation	<u>(77,382,589)</u>	<u>(75,043,188)</u>
Total Capital Assets	<u>\$ 59,167,841</u>	<u>\$ 58,111,852</u>

The City had capital asset disposals of \$585,041, which consisted of police and public works vehicles, public works equipment and fitness equipment. New finance software was removed from construction in progress and placed in service. Depreciation on these assets for 2012 totaled \$186,263, leaving net capital asset disposals at \$398,778.

Capital assets added in 2012 totaled \$3,980,431. The largest portion of this involved infrastructure totaling \$2,659,639, of which \$605,886 represents donations of streets, sidewalks and rights-of-way to the City, vehicle purchases totaling \$255,526 and equipment purchases of \$180,611. Depreciation totaling \$2,525,664 resulted in net capital assets increasing by \$1,055,989.

Additional information for capital assets can be found at Note C in the notes to the financial statements.

Long-Term Debt. At December 31, 2012, the City had outstanding long-term debt obligations in the amount of \$15,562,107. This debt includes \$600,000 in a certificate of participation issue (rated Aa3-Moody's), and \$14,300,000 in tax increment financing bonds. These bonds are payable solely from payments in lieu of taxes, transportation development district revenues and economic activity tax revenues generated within the redevelopment area and do not constitute a general obligation or indebtedness of the City. A capital lease for fitness equipment was issued in 2012 with a balance of \$82,899 at year end. Compensated absences liability totaled \$579,208.

**CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012**

The City's long-term debt is detailed below:

	December 31,	
	2012	2011
General obligation bonds, Series 2008	\$ -	\$ 975,000
Premium on general obligation bonds	-	16,852
Certificate of participation, Series 2002	600,000	1,175,000
TIF bonds – 2002 issue	14,300,000	14,980,000
Capital lease obligations	82,899	52,096
Compensated absences	579,208	551,582
Total Long-Term Debt	<u>\$ 15,562,107</u>	<u>\$ 17,750,530</u>

Additional information can be found on Note F in the notes to the financial statements.

SIGNIFICANT VARIANCES BETWEEN BUDGETS AND ACTUAL EXPENDITURES

In the General Fund, the following significant variances occurred between budget and actual expenditures:

- \$36,297 in overtime budgeted for snow removal was not needed due to few snow events occurring outside of normal work schedules. Unneeded funds for motor fuel resulted in a variance of \$11,259 favorable to budget. Low usage of snow plows and salt spreaders resulted in equipment maintenance savings of \$14,724. Additional savings of \$42,568 were realized from inventories of unused salt.
- Overtime budgeted for leaf collection of \$17,449 was not needed due to efficiencies in scheduling. Part-time employees were hired to assist full-time employees.
- Anticipated price increases for motor fuel were not realized resulting in a favorable variance to budget for leaf collection of \$19,523.
- Unexpected Public Works' vehicle and equipment repairs in the fourth quarter resulted in that line item showing a \$16,968 overage.
- Salaries and benefits for the Police Field Operations program ended the year with \$35,897 not being spent due to turnover of personnel and a delay in replacing staff.

CITY OF BALLWIN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

With an improving economy and several new businesses in the City, sales tax revenues in 2013 were budgeted to increase 5% over projected 2012 revenues. While the City lost two restaurants and several small retailers during the year, construction of the retail development in the northeast section of the City was fully completed. This includes two restaurants, a major drugstore and an assisted living residence. A new upscale grocery store opened in the fall of 2012. Additional businesses which opened in 2012 include a clothing retailer, a flooring retailer, an appliance store, a fast food restaurant, a baby item retailer, an arms supplier and a discount store. A major shoe retailer and several eating establishments are opening at the beginning of 2013. A fitness center is scheduled for closure in 2013.

General Fund unassigned fund reserves of \$610,060 are anticipated to balance the 2013 budget. Park infrastructure maintenance, golf course improvements and building security enhancements will all be undertaken. Expenditures for street improvements are budgeted to increase by 19% over 2012 spending. The 2013 Capital Improvement Plan budget reflects spending of \$1,456,145 for remodeling of the boardroom, improvements to Ferris Park and a transfer to the Debt Service Fund for the final payment on the City's 2002 certificate of participation issue.

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 Finance Officer, 14811 Manchester Road, Ballwin, MO 63011.

CITY OF BALLWIN, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,292,442
Certificates of deposit	3,659,320
Investments	1,734,175
Prepaid items	366,356
Receivables:	
Taxes	2,428,773
Court	23,166
Grants	25,357
Interest	588,322
Inventories	51,985
Restricted assets:	
Cash and cash equivalents	4,012,820
Capital assets:	
Land and other nondepreciable assets	20,805,926
Other capital assets, net of accumulated depreciation	38,361,915
Total Assets	73,350,557
LIABILITIES	
Accounts payable	491,387
Accrued wages and benefits	343,915
Accrued liabilities	699,843
Deposits	19,225
Unearned revenue	22,266
Accrued interest	225,796
Noncurrent liabilities:	
Due within one year	1,606,009
Due in more than one year	13,956,098
Due in more than one year - net OPEB obligation	82,040
Due in more than one year - net LAGERS pension obligation	163,273
Total Liabilities	17,609,852
NET POSITION	
Net investment in capital assets	58,484,942
Restricted for debt service	2,992,025
Restricted for sewer lateral	344,724
Restricted for police	234,905
Restricted for capital projects	264,115
Restricted for other	98,043
Unrestricted (deficiency)	(6,678,049)
Net Position	\$ 55,740,705

CITY OF BALLWIN, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) And Change In Net Assets	
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
General government	\$ 2,949,090	\$ 932,571	\$ 47,678	\$ -	\$ (1,968,841)
Public works	4,271,294	-	43,453	1,378,652	(2,849,189)
Police	5,159,400	1,212,453	43,099	-	(3,903,848)
Parks and recreation	4,571,003	2,818,794	211,439	5,172	(1,535,598)
Interest on long-term debt	953,404	-	-	-	(953,404)
Total Governmental Activities	\$ 17,904,191	\$ 4,963,818	\$ 345,669	\$ 1,383,824	(11,210,880)
General Revenues					
Taxes:					
General sales and use					8,177,296
Franchise					515,457
Cigarette					83,288
Utility gross receipts					3,715,613
Property					311,956
Fuel and road tax					1,718,580
Investment income					80,357
Miscellaneous					232,559
Total General Revenues					14,835,106
CHANGE IN NET POSITION					3,624,226
NET POSITION, JANUARY 1					52,116,479
NET POSITION, DECEMBER 31					\$ 55,740,705

See notes to financial statements

CITY OF BALLWIN, MISSOURI
BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General</u>	<u>Special Allocation</u>	<u>Capital Projects</u>	<u>Town Center Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,292,442	\$ -	\$ -	\$ -	\$ -	\$ 1,292,442
Certificates of deposit	3,659,320	-	-	-	-	3,659,320
Investments	1,734,175	-	-	-	-	1,734,175
Prepaid items	366,356	-	-	-	-	366,356
Receivables:						
Taxes	1,964,075	234,463	163,786	-	66,449	2,428,773
Court	23,166	-	-	-	-	23,166
Grants	25,357	-	-	-	-	25,357
Other	11,920	-	576,402	-	-	588,322
Inventories	51,985	-	-	-	-	51,985
Restricted assets:						
Cash and cash equivalents	691,171	173,549	101,528	2,438,662	607,910	4,012,820
Due from other funds	157,074	26,435	-	212,648	-	396,157
 Total Assets	 <u>\$ 9,977,041</u>	 <u>\$ 434,447</u>	 <u>\$ 841,716</u>	 <u>\$ 2,651,310</u>	 <u>\$ 674,359</u>	 <u>\$ 14,578,873</u>

See notes to financial statements

CITY OF BALLWIN, MISSOURI
BALANCE SHEETS - GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2012

	<u>General</u>	<u>Special Allocation</u>	<u>Capital Projects</u>	<u>Town Center Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 194,953	\$ 385	\$ 296,049	\$ -	\$ -	\$ 491,387
Accrued wages and benefits	343,915	-	-	-	-	343,915
Accrued liabilities	685,106	-	14,737	-	-	699,843
Due to other funds	5,017	212,824	178,316	-	-	396,157
Deposits	19,225	-	-	-	-	19,225
Deferred revenue	43,724	221,238	230,237	-	-	495,199
Total Liabilities	<u>1,291,940</u>	<u>434,447</u>	<u>719,339</u>	<u>-</u>	<u>-</u>	<u>2,445,726</u>
Fund Balances						
Nonspendable:						
Prepaid items	366,356	-	-	-	-	366,356
Inventories	51,985	-	-	-	-	51,985
Restricted for:						
Capital projects	-	-	35,586	-	-	35,586
Debt service	-	-	-	2,651,310	119,477	2,770,787
Sewer lateral	-	-	-	-	344,724	344,724
Police	24,747	-	-	-	210,158	234,905
Community programs	6,888	-	-	-	-	6,888
Recreation	-	-	72,598	-	-	72,598
Special projects	4,364	-	14,193	-	-	18,557
Unassigned:						
General Fund	8,230,761	-	-	-	-	8,230,761
Total Fund Balances	<u>8,685,101</u>	<u>-</u>	<u>122,377</u>	<u>2,651,310</u>	<u>674,359</u>	<u>12,133,147</u>
Total Liabilities And Fund Balances	<u>\$ 9,977,041</u>	<u>\$ 434,447</u>	<u>\$ 841,716</u>	<u>\$ 2,651,310</u>	<u>\$ 674,359</u>	<u>\$ 14,578,873</u>

See notes to financial statements

CITY OF BALLWIN, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total Fund Balances - Governmental Funds	\$ 12,133,147
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 \$136,550,430 and the accumulated depreciation is \$77,382,589.	59,167,841
Municipal court receivables are assessed by the City, but are not collected as of December 31, 2012 and deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	23,166
Grant revenues earned by the City, but not collected as of December 31, 2012 are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	228,529
TIF Payments in Lieu of Taxes (PILOTs), property taxes assessed in 2012, but not collected by the City as of December 31, 2012 are deferred within the governmental funds financial statements. However, revenue for this amount is recognized in the government-wide financial statements.	221,238
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:	
Compensated absences	(579,208)
Certificates of participation	(600,000)
Tax increment bonds	(14,300,000)
Capital leases	(82,899)
Accrued interest payable	(225,796)
Net OPEB obligation	(82,040)
Net LAGERS pension obligation	(163,273)
Total Net Position of Governmental Activities	\$ 55,740,705

See notes to financial statements

CITY OF BALLWIN, MISSOURI
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Special Allocation</u>	<u>Capital Projects</u>	<u>Town Center Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 7,938,999	\$ 1,265,098	\$ 915,047	\$ -	\$ 364,042	\$ 10,483,186
Licenses and permits	1,448,029	-	-	-	-	1,448,029
Public utility licenses	3,691,690	23,923	-	-	-	3,715,613
Court fines	938,503	-	-	-	-	938,503
False alarm fines	4,800	-	-	-	-	4,800
Police and communications	234,733	-	-	-	28,087	262,820
Community programs	2,818,795	-	-	-	-	2,818,795
Investment income (loss)	79,675	128	-	172	383	80,358
Donations	17,282	-	29,085	-	-	46,367
Grants and entitlements	320,960	-	764,423	-	-	1,085,383
Miscellaneous	214,449	-	-	-	-	214,449
Total Revenues	<u>17,707,915</u>	<u>1,289,149</u>	<u>1,708,555</u>	<u>172</u>	<u>392,512</u>	<u>21,098,303</u>
EXPENDITURES						
Current:						
Administration	2,573,103	14,651	-	4,662	270,600	2,863,016
Public works	2,779,907	-	-	-	-	2,779,907
Police	4,988,442	-	-	-	13,554	5,001,996
Parks and recreation	3,985,371	-	10	-	-	3,985,381
Capital outlay	1,798,116	-	1,011,653	-	21,636	2,831,405
Debt service:						
Principal	-	-	-	680,000	1,550,000	2,230,000
Interest	-	-	-	906,456	78,113	984,569
Total Expenditures	<u>16,124,939</u>	<u>14,651</u>	<u>1,011,663</u>	<u>1,591,118</u>	<u>1,933,903</u>	<u>20,676,274</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,582,976</u>	<u>1,274,498</u>	<u>696,892</u>	<u>(1,590,946)</u>	<u>(1,541,391)</u>	<u>422,029</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	43,340	141,715	-	1,416,212	1,006,688	2,607,955
Transfers out	(66,895)	(1,416,213)	(1,124,847)	-	-	(2,607,955)
Capital lease transaction	125,690	-	-	-	-	125,690
Sale of capital assets	48,326	-	-	-	-	48,326
Total Other Financing Sources (Uses)	<u>150,461</u>	<u>(1,274,498)</u>	<u>(1,124,847)</u>	<u>1,416,212</u>	<u>1,006,688</u>	<u>174,016</u>
NET CHANGE IN FUND BALANCES	1,733,437	-	(427,955)	(174,734)	(534,703)	596,045
FUND BALANCES, JANUARY 1	6,951,664	-	550,332	2,826,044	1,209,062	11,537,102
FUND BALANCES, DECEMBER 31	<u>\$ 8,685,101</u>	<u>\$ -</u>	<u>\$ 122,377</u>	<u>\$ 2,651,310</u>	<u>\$ 674,359</u>	<u>\$ 12,133,147</u>

CITY OF BALLWIN, 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 DECEMBER 31, 2012

Net Change In Fund Balances - Governmental Funds \$ 596,045

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$3,013,375) exceeded depreciation (\$2,525,664) in the current period. 487,711

The net effect of various miscellaneous transactions involving capital assets:

Cost of disposals, net of accumulated depreciation	(37,608)	
Contribution of infrastructure and land	605,886	568,278

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements. (188,489)

Debt issued during the current year:

Capital lease	(125,690)
---------------	-----------

Bond proceeds are reported as financing sources in the governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the liability in the statement of net assets.

Repayments during the current year:

Principal payments on bonds and certificates of participation	2,230,000	
Principal payments on leases included in fund expenditures	94,888	2,324,888

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued compensated absences	(27,626)	
Accrued interest on debt	27,693	
Amortized bond issuance cost	(12,270)	
Amortized bond premium	16,852	
Net OPEB obligation	(12,450)	
Net LAGERS pension obligation	(30,716)	(38,517)

Change In Net Assets Of Governmental Activities \$ 3,624,226

CITY OF BALLWIN, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET
POSITION - POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

ADDITIONS

Investment income:	
Net appreciation in fair value of investments and interest and dividends	\$ 344,381
Less - Investment expense	<u>(17,636)</u>
Total Investment Income	326,745
Employer contributions	<u>121,579</u>
Total Additions - Net	448,324

DEDUCTIONS

Benefits paid	<u>3,871,160</u>
---------------	------------------

CHANGE IN NET POSITION (3,422,836)

NET POSITION HELD IN TRUST FOR PENSION
BENEFITS, JANUARY 1 3,422,836

NET POSITION HELD IN TRUST FOR PENSION
BENEFITS, DECEMBER 31 \$ -

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF BALLWIN, MISSOURI** (the City) was incorporated December 29, 1950. The City operates as a fourth-class city under the Missouri state statutes. It has a mayor/aldermanic/city administrator form of government and provides the following services: legislative, general services, finance and accounting, community development, public works, police, judicial, and parks and recreation.

The accounting policies and financial reporting practices of the City conform to U.S. generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant policies:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, as amended by GASB Statement No. 39. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and no other reporting 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. For the most part, 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is 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.

Governmental funds financial statements are reported using 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 measurable and 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 claims and judgments and compensated absences, are recorded only when payment is due.

Sales 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. 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--This 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.

Special Allocation Fund --This fund was established to account for a portion of the revenues derived from the tax increment financing activities.

Capital Projects Fund -- This fund is used to account for the acquisition or construction of major capital facilities.

Town Center Debt Service Fund -- This fund is used to account for the debt service activity for the tax increment bonds.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following fiduciary funds:

Police Pension Fund -- This fund accounts for the accumulation of resources for qualified police employees.

4. Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest income on pooled cash and investments is recorded within each fund. State statutes authorize Missouri local governments to invest in obligations of the U.S. Treasury and U.S. government agencies, obligations of the State of Missouri, time certificates of deposit, and repurchase agreements. Deposits in financial institutions must be collateralized by securities pledged to the City by these same institutions.

Investments are stated at fair value based on quoted market prices, except for certain short term U.S. government securities which are stated at amortized cost.

5. Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use and consist of resources set aside for escrow amounts and for the repayment of debt.

6. Capital Assets

Capital assets include land and land improvements, buildings and building improvements, infrastructure (e.g. roads, bridges, sidewalks, and similar items), furniture and fixtures, vehicles and equipment, historical treasures and right-of-ways. Capital assets are defined by the City as assets with an initial cost of more than \$7,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets (Continued)

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

Asset	Years
Buildings	15 - 50
Building improvements	15 - 50
Furniture and fixtures	5 - 20
Infrastructure	20 - 50
Intangible assets	5 - 15
Machinery and equipment	3 - 25
Vehicles	3 - 10

7. Compensated Absences

Vacations accrue to employees based on weeks of continuous service. Upon leaving the employ of the City, an employee is entitled to payment for accrued vacation. A liability for unused vacation compensation has been recorded as long-term debt as it is expected to be paid from future resources. Sick leave is based upon continuous weeks of service and is only available to provide compensation during periods of illness.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Fund Equity

Fund equity in the governmental fund financial statements is classified as fund balance. Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or by external parties such as creditors, grantors, contributors or laws and regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. Only the Board may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the other fund balance type's criterion. The City reports positive unassigned fund balance in the General Fund only. Negative unassigned fund balances may be reported in all governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Minimum Unrestricted Fund Balance

The unassigned fund balance in the General Fund will be maintained at a level sufficient to provide the resources required to meet operating cost needs, to allow for unforeseen emergencies, and to permit orderly adjustment to changes resulting from fluctuations in revenues. The City's policy is to maintain a minimum unassigned fund balance no less than 25% of total operating expenditures at the end of each annual fiscal period.

If, for any reason, the unassigned General Fund balance should fall below the minimum balance, the City will develop a plan to replenish the unassigned fund balance to the established minimum level within two (2) years.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Net Position

In the government wide financial statements, equity is classified as net position and displayed in three components. Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are constraints imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. All other components of net position that do not meet the definition of restricted or net investment in capital assets are reported as unrestricted. The City first utilized restricted resources to finance qualifying activities.

11. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental funds. All interfund balances are due to timing differences and are expected to be repaid during the fiscal year ending December 31, 2013.

12. Prepaid Items and Inventory

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Inventories of consumable supplies are recorded at cost (determined on a first-in, first-out basis).

13. Deferred Revenue

Deferred revenue in the fund financial statements is composed of court receivables and various other receivables which were not collected within 60 days following the end of the current fiscal period. Other funds received to be used for future expenditures are recorded as deferred revenue in the government-wide and fund financial statements.

14. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 December 31, 2012, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of December 31, 2012, the City had the following investments:

<u>Security</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>	<u>Credit Risk</u>
Money market funds	\$ 2,570,922	\$ 2,570,922	\$ -	Not rated
U.S. Government and agency securities	<u>1,734,175</u>	<u>-</u>	<u>1,734,175</u>	AAA
Total Investments	<u>\$ 4,305,097</u>	<u>\$ 2,570,922</u>	<u>\$ 1,734,175</u>	

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

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 interest rate 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 and investing primarily in shorter term securities.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio.

Investments in any one issuer representing 5% or more of the total investments (excluding investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools and other pooled investments) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage</u>
Federal Home Loan Mortgage	U.S. agency security	23%

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For the Year Ended December 31, 2012			
	December 31, 2011	Additions	Deletions	December 31, 2012
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,461,001	\$ 5,172	\$ -	\$ 5,466,173
Land improvements	1,804,977	-	-	1,804,977
Historical treasures	247,573	-	-	247,573
Right-of-way	12,997,888	232,458	-	13,230,346
Construction in progress	361,170	56,857	361,170	56,857
Total Capital Assets Not Being Depreciated	<u>20,872,609</u>	<u>294,487</u>	<u>361,170</u>	<u>20,805,926</u>
Capital assets being depreciated:				
Buildings	21,562,949	-	-	21,562,949
Building improvements	633,195	199,537	-	832,732
Furniture and fixtures	109,074	-	-	109,074
Infrastructure	85,389,892	2,659,639	-	88,049,531
Intangible assets	127,011	390,631	-	517,642
Machinery and equipment	2,425,184	180,611	88,202	2,517,593
Vehicles	2,035,126	255,526	135,669	2,154,983
Total Capital Assets Being Depreciated	<u>112,282,431</u>	<u>3,685,944</u>	<u>223,871</u>	<u>115,744,504</u>
Less-Accumulated depreciation for:				
Buildings	8,716,912	593,596	-	9,310,508
Building improvements	124,760	29,650	-	154,410
Furniture and fixtures	54,593	14,722	-	69,315
Infrastructure	63,225,673	1,586,040	-	64,811,713
Intangible assets	112,731	4,400	-	117,131
Machinery and equipment	1,577,809	121,141	71,894	1,627,056
Vehicles	1,230,710	176,115	114,369	1,292,456
Total Accumulated Depreciation	<u>75,043,188</u>	<u>2,525,664</u>	<u>186,263</u>	<u>77,382,589</u>
Total Capital Assets Being Depreciated, Net	<u>37,239,243</u>	<u>1,160,280</u>	<u>37,608</u>	<u>38,361,915</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,111,852</u>	<u>\$ 1,454,767</u>	<u>\$ 398,778</u>	<u>\$ 59,167,841</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended December 31, 2012 as follows:

Governmental Activities:	
Administration	\$ 60,579
Public works	1,717,939
Police	105,148
Parks and recreation	641,998
	<u>\$ 2,525,664</u>

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE D - INTERFUND BALANCES

The due to and due from other funds consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>December 31, 2012</u>
General	Capital Projects	\$ 156,897
General	Special Allocation	177
Special Allocation	General	5,017
Special Allocation	Capital Projects	21,418
Town Center Debt Service	Special Allocation	<u>212,648</u>
		<u>\$396,157</u>

NOTE E - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

	<u>Transfers Out</u>			<u>Total</u>
	<u>General</u>	<u>Special Allocation</u>	<u>Capital Projects</u>	
Transfers in:				
General	\$ -	\$ -	\$ 43,340	\$ 43,340
Special Allocation	66,895		74,820	141,715
Town Center Debt Service		1,416,212		1,416,212
Debt Service			1,006,688	1,006,688
Total	<u>\$ 66,895</u>	<u>\$ 1,416,212</u>	<u>\$ 1,124,848</u>	<u>\$ 2,607,955</u>

Interfund transfers may be used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them and 2) use unrestricted revenues collected to finance expenditures in other funds in accordance with budgetary authorization.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE F - LONG-TERM OBLIGATIONS

A summary of changes are as follows:

	<u>For the Year Ended December 31, 2012</u>			<u>Amounts</u>	
	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>December 31,</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u>	<u>Within</u>
	<u>2011</u>			<u>2012</u>	<u>One Year</u>
Bonds payable:					
General obligation bonds	\$ 975,000	\$ -	\$ 975,000	\$ -	\$ -
Plus - premium	16,852	-	16,852	-	-
Tax increment bonds	14,980,000	-	680,000	14,300,000	750,000
Other long-term obligations:					
Certificates of participation	1,175,000	-	575,000	600,000	600,000
Capital leases	52,096	125,690	94,887	82,899	41,009
Compensated absences	551,582	242,626	215,000	579,208	215,000
Total Long-term Liabilities:	<u>\$ 17,750,530</u>	<u>\$ 368,316</u>	<u>\$ 2,556,739</u>	<u>\$ 15,562,107</u>	<u>\$ 1,606,009</u>

Tax Increment Bonds

The Series 2002A (\$16,650,000) and 2002B (\$3,450,000) tax increment refunding and improvement revenue bonds were issued for the purpose of financing the costs in connection with the Ballwin Town Center Redevelopment Project. The bonds are special, limited obligations of the City, payable solely from payments in lieu of taxes, transportation development district revenues and economic activity tax revenues generated within the redevelopment area and certain moneys on deposit under the indenture. The City and Transportation Development District have agreed to request an annual appropriation of economic activity tax revenue and transportation development district revenues, respectively, but the City and the Transportation Development District are not legally obligated to make any such appropriations. In addition, the City has agreed to request an annual appropriation of the lesser of 35% of its portion of economic activity tax revenues or \$250,000 for repayment of the bonds, but the City is not legally obligated to make any such appropriation. The bonds do not constitute a general obligation or indebtedness of the City.

Principal on the Series 2002A bonds is due in annual installments through October 1, 2013 with term bonds due in 2015, 2017, and 2022. Interest is payable at 2.75% to 6.5%. The Series 2002B term bonds are due October 1, 2022. Interest is payable at 5.125%.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE F - LONG-TERM OBLIGATIONS (Continued)

Certificates of Participation

The Series 2002 (\$8,210,000) certificates of participation are due in annual installments through September 1, 2013 with interest payable at 4%.

Capital Leases

In 2012, the City financed the acquisition of exercise equipment totaling \$125,690 using a capital lease with an effective interest rate of 2.15% payable in installments of \$42,791 per year through June 2014.

Future long-term debt maturities are as follows:

For The Years Ended December 31	Capital Leases		Tax Increment Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 41,009	\$ 1,782	\$ 750,000	\$ 867,356	\$ 600,000	\$ 24,000
2014	41,890	901	850,000	822,356	-	-
2015	-	-	930,000	771,356	-	-
2016	-	-	1,195,000	715,556	-	-
2017	-	-	1,305,000	640,869	-	-
2018-2022	-	-	9,270,000	1,858,643	-	-
	<u>\$ 82,899</u>	<u>\$ 2,683</u>	<u>\$14,300,000</u>	<u>\$5,676,136</u>	<u>\$ 600,000</u>	<u>\$ 24,000</u>

For The Years Ended December 31	Total Long-Term Debt	
	Principal	Interest
2013	\$ 1,391,009	\$ 893,138
2014	891,890	823,257
2015	930,000	771,356
2016	1,195,000	715,556
2017	1,305,000	640,869
2018-2022	9,270,000	1,858,643
	<u>\$14,982,899</u>	<u>\$5,702,819</u>

NOTE G - MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

1. Plan Description

The City participates in 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.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE G - MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
(Continued)

1. Plan Description (Continued)

LAGERS was created and is governed by state statute, Section 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 Internal Revenue Code Section 401(a) and it is tax exempt.

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

2. Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rates are 7.1% (general) and 9.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$296,038
Interest on net pension obligation	9,610
Adjustment to annual required contribution	<u>(7,313)</u>
Annual pension cost	298,335
Actual contributions	<u>267,618</u>
Increase in NPO	30,717
NPO beginning of year	<u>132,556</u>
 NPO end of year	 <u>\$163,273</u>

The annual required contribution was determined as part of the February 28, 2010 and 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2012 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, attributable to seniority/merit; d) pre-retirement mortality based on 75% of the RP-2000 Combined Health Table setback zero years for men and zero years for women; and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2010 was 30 years. The amortization period at February 28, 2011 was also 30 years.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE G - MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
(Continued)

Trend Information

<u>For the Year ended June 30,</u>	<u>Annual Pension Cost</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 298,335	89.7%	\$ 163,273
2011	\$ 307,239	74.3%	\$ 132,556
2010	\$ 242,811	77.9%	\$ 53,661

As of February 29, 2012, the most recent actuarial valuation date, the plan was 104 percent funded. The actuarial accrued liability for benefits was \$8,845,812 and the actuarial value of assets was \$9,191,119, resulting in an overfunded accrued liability of \$345,307. The covered payroll (annual payroll of active employees covered by the plan) was \$4,031,501.

NOTE H - POLICE PENSION PLAN

The City police were covered by a pension plan under the management and control of a Retirement Committee as provided by City ordinance. The plan was funded entirely from City contributions, which were invested in individual investment funds as elected by the Plan participants. City contributions were determined based on a percentage of gross wages. Contributions for the year ended December 31, 2012 were \$121,579 and were funded from the General Fund. The plan was terminated during 2012 and the officers were enrolled in the City's LAGERS defined benefit plan covering other City employees. All assets held under the former plan have been distributed to participants or converted to credited years of service under LAGERS.

NOTE I - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities to cover workers' compensation and general liability matters. The purpose of this trust is to distribute the cost of self-insurance over similar entities. In addition to insurance protection, the program provides risk management services with emphasis in loss control, claims administration, and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

NOTE I - RISK MANAGEMENT (Continued)

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City is contingently liable to fund its pro rata share of any deficit incurred by the trust should the trust cease operation at some future date.

The City also purchases commercial insurance to cover other risks. Settled claims from these risks have not exceeded coverage in any of the past three years.

NOTE J - RESTRICTED COMPONENTS OF NET POSITION

The government-wide statement of net position reports \$3,933,812 of restricted net position, of which \$934,899 is restricted by enabling legislation.

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

Plan Description

The City provides healthcare benefits to employees defined as city retirees who have attained age 55 plus 10 years of service until attainment of Medicare Eligibility Age. Individual-only medical and prescription drug benefits are available to retirees in the St. Louis Area Insurance Trust's (SLAIT) self-insured pool. The retiree pays the monthly group health insurance premium. The Plan, as stated in the City's personnel policy and established by City ordinance, assigned the authority to establish and amend plan benefit provisions to the City. The plan does not issue a separate stand alone report.

Funding Policy

The City currently pays for the post-employment healthcare benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

The City's annual OPEB cost for the current year and the related information are as follows:

ARC	\$ 23,009
Interest on net OPEB obligation	2,784
Adjustment to annual required contribution	<u>(4,024)</u>
Annual OPEB cost	21,769
Contributions made	<u>(9,319)</u>
Increase in net OPEB obligation	12,450
Net OPEB obligation - beginning of year	<u>69,590</u>
 Net OPEB obligation - end of year	 <u><u>\$ 82,040</u></u>

Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

For the Year ended June 30,	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 21,769	43%	\$ 82,040
2011	\$ 21,981	46%	\$ 69,590
2010	\$ 22,249	32%	\$ 57,761

Funded Status and Funding Program

As of January 1, 2010, the most recent actuarial valuation date, the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) and the actuarial accrued liability for benefits of \$196,496. The covered payroll (annual payroll of active employees covered by the plan) was \$6,698,000, and the ratio of the UAAL to the covered payroll was 3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF BALLWIN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit credit method
Latest valuation date	January 1, 2010
Discount rate	4% per annum
Amortization period	30 years for initial unfunded actuarial accrued liability
Mortality	RP2000 Blended Mortality Table projected to 2007
Medical premium rates	9.5% initial rate; 5% ultimate rate

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
REVENUES				
Taxes				
Sales tax	\$ 6,060,000	\$ 6,022,000	\$ 6,137,131	\$ 115,131
Motor vehicle fees	1,188,000	1,090,000	1,091,593	1,593
County road tax	614,000	614,000	626,987	12,987
Cigarette	86,000	86,000	83,288	(2,712)
Total Taxes	<u>7,948,000</u>	<u>7,812,000</u>	<u>7,938,999</u>	<u>126,999</u>
Licenses and Permits				
Building and sign permits	76,600	96,600	118,419	21,819
Cable television franchise fees	480,000	510,000	515,457	5,457
Inspection and occupancy permits	80,450	84,450	95,274	10,824
Liquor licenses	17,000	17,000	17,905	905
Merchants and contractors licenses	580,000	577,000	574,462	(2,538)
Mechanical and electrical permits	55,125	63,125	75,681	12,556
Plumbing and excavation permits	37,700	46,700	50,831	4,131
Total Licenses And Permits	<u>1,326,875</u>	<u>1,394,875</u>	<u>1,448,029</u>	<u>53,154</u>
Public Utility Licenses				
Electric	1,476,000	1,476,000	1,448,937	(27,063)
Telephone	1,225,400	1,150,400	1,166,203	15,803
Gas	854,300	704,300	722,692	18,392
Water	281,150	351,150	353,858	2,708
Total Public Utility Licenses	<u>3,836,850</u>	<u>3,681,850</u>	<u>3,691,690</u>	<u>9,840</u>
Court Fines	<u>700,000</u>	<u>825,000</u>	<u>938,503</u>	<u>113,503</u>
False Alarm Fines	<u>5,000</u>	<u>5,000</u>	<u>4,800</u>	<u>(200)</u>
Police and Communications	<u>234,490</u>	<u>234,490</u>	<u>234,733</u>	<u>243</u>
Community Programs				
Pool:				
Concessions	135,000	135,000	136,918	1,918
Daily admissions	214,000	238,500	238,106	(394)
Season passes	144,675	144,675	152,489	7,814
Swim team	16,000	16,000	19,936	3,936
Rental fees	14,500	14,500	18,830	4,330
Miscellaneous	16,050	16,050	15,092	(958)
Total Pool	<u>540,225</u>	<u>564,725</u>	<u>581,371</u>	<u>16,646</u>

(Continued)

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
REVENUES (Continued)				
Community Programs (Continued)				
Community center:				
Concessions	14,000	14,000	15,884	1,884
Daily admissions	107,000	93,000	90,971	(2,029)
Punch cards	58,000	41,000	43,599	2,599
Season passes	742,400	687,400	758,563	71,163
Program fees	290,730	252,730	269,020	16,290
Summer camp fees	161,585	171,585	174,039	2,454
Rental fees	70,000	70,000	66,348	(3,652)
Identification fees	16,000	16,000	11,021	(4,979)
Miscellaneous	120	120	43	(77)
Total Community Center	<u>1,459,835</u>	<u>1,345,835</u>	<u>1,429,488</u>	<u>83,653</u>
Golf course:				
Green fees	457,500	427,500	450,428	22,928
Cart rental	131,500	131,500	138,171	6,671
Program fees	3,000	3,000	2,431	(569)
Season passes	3,500	3,500	3,850	350
Miscellaneous	2,905	2,905	1,956	(949)
Total Golf Course	<u>598,405</u>	<u>568,405</u>	<u>596,836</u>	<u>28,431</u>
Recreational complex and golf shop:				
Concessions and miscellaneous	85,200	92,200	97,772	5,572
Complex rental fees	43,475	31,475	35,835	4,360
Total Recreational Complex And Golf Shop	<u>128,675</u>	<u>123,675</u>	<u>133,607</u>	<u>9,932</u>
Ballwin Days	65,000	77,500	77,493	(7)
Total Community Programs	<u>2,792,140</u>	<u>2,680,140</u>	<u>2,818,795</u>	<u>138,655</u>
Investment Income	<u>22,944</u>	<u>53,144</u>	<u>79,675</u>	<u>26,531</u>
Donations	<u>10,750</u>	<u>10,750</u>	<u>17,282</u>	<u>6,532</u>
Grants and Entitlements	<u>356,115</u>	<u>507,531</u>	<u>320,960</u>	<u>(186,571)</u>
Miscellaneous				
Administration	54,535	177,535	176,769	(766)
Rental income	19,600	19,600	21,075	1,475
Miscellaneous	12,800	12,800	16,605	3,805
Total Miscellaneous	<u>86,935</u>	<u>209,935</u>	<u>214,449</u>	<u>4,514</u>
Total Revenues	<u>17,320,099</u>	<u>17,414,715</u>	<u>17,707,915</u>	<u>293,200</u>

(Continued)

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES				
Administration				
Planning and zoning	58,414	57,414	56,440	(974)
Inspections	387,247	388,247	380,250	(7,997)
Community services	613,622	617,002	614,402	(2,600)
Legal	375,031	388,335	383,871	(4,464)
Support services	685,109	333,005	308,202	(24,803)
Information services	300,289	252,289	239,935	(12,354)
Municipal Court	185,556	185,556	181,754	(3,802)
Finance	523,910	528,874	516,029	(12,845)
Total Administration	<u>3,129,178</u>	<u>2,750,722</u>	<u>2,680,883</u>	<u>(69,839)</u>
Public Works				
Engineering	248,940	248,940	248,806	(134)
Sidewalks	333,282	224,536	219,493	(5,043)
Pavement maintenance	2,065,884	2,310,217	2,285,508	(24,709)
Traffic control	125,057	114,691	112,405	(2,286)
Snow and ice control	429,114	204,930	74,718	(130,212)
Property services	513,117	303,877	256,759	(47,118)
Support services	821,857	808,847	806,845	(2,002)
Total Public Works	<u>4,537,251</u>	<u>4,216,038</u>	<u>4,004,534</u>	<u>(211,504)</u>
Police				
Management and auxiliary services	424,339	424,255	418,806	(5,449)
Field operations	3,508,456	3,436,816	3,390,104	(46,712)
Communications	701,184	690,207	681,454	(8,753)
Criminal investigations	630,339	633,359	628,570	(4,789)
Total Police	<u>5,264,318</u>	<u>5,184,637</u>	<u>5,118,934</u>	<u>(65,703)</u>
Parks and Recreation				
Parks	484,776	469,569	455,596	(13,973)
Golf operations	948,427	952,100	931,681	(20,419)
Pool	608,858	609,684	596,439	(13,245)
Community center	1,698,182	1,720,942	1,673,611	(47,331)
Building systems	485,802	494,009	479,109	(14,900)
Ballwin days	64,758	61,592	58,462	(3,130)
Total Parks And Recreation	<u>4,290,803</u>	<u>4,307,896</u>	<u>4,194,898</u>	<u>(112,998)</u>
Total Expenditures	<u>17,221,550</u>	<u>16,459,293</u>	<u>15,999,249</u>	<u>(460,044)</u>

(Continued)

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND - UNAUDITED (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES OVER (UNDER)				
EXPENDITURES	<u>98,549</u>	<u>955,422</u>	<u>1,708,666</u>	<u>753,244</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,565)	(68,565)	(66,895)	1,670
Transfers in	50,396	50,396	43,340	(7,056)
Sale of capital assets	<u>34,100</u>	<u>44,500</u>	<u>48,326</u>	<u>3,826</u>
Total Other Financing Uses	<u>15,931</u>	<u>26,331</u>	<u>24,771</u>	<u>(1,560)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 114,480</u>	<u>\$ 981,753</u>	1,733,437	<u>\$ 751,684</u>
FUND BALANCE, JANUARY 1			<u>6,951,664</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 8,685,101</u>	

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - SPECIAL ALLOCATION FUND - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 1,327,000	\$ 1,265,098	\$ (61,902)
Public utility licenses	-	23,923	23,923
Investment income	158	128	(30)
Total Revenues	1,327,158	1,289,149	(38,009)
EXPENDITURES			
Administration	10,150	14,651	4,501
REVENUES OVER			
EXPENDITURES			
	1,317,008	1,274,498	(42,510)
OTHER FINANCING SOURCES			
(USES)			
Transfers in	146,369	141,715	(4,654)
Transfers out	(1,463,377)	(1,416,213)	47,164
Total Other Financing Uses	(1,317,008)	(1,274,498)	42,510
NET CHANGE IN FUND			
BALANCE			
	\$ -	-	\$ -
FUND BALANCE, JANUARY 1		-	
FUND BALANCE, DECEMBER 31		\$ -	

**CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012**

Budgetary Data

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

- a. Each year the City Administrator submits to the Board of Aldermen a proposed budget for the fiscal period. The budget includes proposed expenditures and the means of financing them for all funds except the Town Center Debt Service Fund.
- b. The budget is legally enacted by ordinance after public hearings are held to obtain taxpayer comments.
- c. Budgetary amounts are reported as originally adopted, or as amended by the Board of Aldermen.
- d. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, except that the other financing source and related capital outlay of capital leases and debt issues in the year the City enters into the agreement are not budgeted.

For the year ended December 31, 2012, expenditures for the Special Allocation Fund exceeded the budget by \$4,501.

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF FUNDING PROGRESS FOR LAGERS - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

Actuarial Valuation	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
Date	(a)	(b)	(b - a)	(a/b)	(c)	((b-a) / c)
2/28/2012	\$ 9,191,119	\$ 8,845,812	\$ (345,307)	104%	\$ 4,031,501	
2/28/2011	\$ 8,329,751	\$ 8,471,478	\$ 141,727	98%	\$ 3,998,487	4%
2/28/2010	\$ 7,458,245	\$ 7,644,453	\$ 186,208	98%	\$ 4,070,282	5%

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, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS' office in Jefferson City, MO.

CITY OF BALLWIN, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a) / c)
1/1/2010	\$ -	\$ 196,496	\$ 196,496	0%	\$ 6,698,000	3%
1/1/2008	\$ -	\$ 254,000	\$ 254,000	0%	\$ 6,700,000	4%

Three-year trend information will be presented in future years. 2008 was the year of implementation of GASB 45 and the City has elected to implement prospectively, therefore, prior year comparative funding progress is not available.

SUPPLEMENTARY INFORMATION

CITY OF BALLWIN, MISSOURI
SUPPLEMENTARY INFORMATION - COMBINING
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Sewer Lateral	Debt Service	Federal Asset	P.O.S.T	Total Nonmajor Governmental Funds
ASSETS					
Receivables:					
Taxes	\$ 66,449	\$ -	\$ -	\$ -	\$ 66,449
Restricted assets:					
Cash and cash equivalents	278,275	119,477	134,047	76,111	607,910
Total Assets	\$ 344,724	\$ 119,477	\$ 134,047	\$ 76,111	\$ 674,359
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances					
Restricted for:					
Debt service	-	119,477	-	-	119,477
Sewer lateral	344,724	-	-	-	344,724
Federal asset	-	-	134,047	-	134,047
P.O.S.T.	-	-	-	76,111	76,111
Total Fund Balances	344,724	119,477	134,047	76,111	674,359
Total Liabilities And Fund Balances	\$ 344,724	\$ 119,477	\$ 134,047	\$ 76,111	\$ 674,359

CITY OF BALLWIN, MISSOURI
SUPPLEMENTARY INFORMATION - COMBINING STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Sewer Lateral</u>	<u>Debt Service</u>	<u>Federal Asset</u>	<u>P.O.S.T</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Taxes	\$ 364,042	\$ -	\$ -	\$ -	\$ 364,042
Police and communications	-	-	21,546	6,541	28,087
Investment income	-	59	219	105	383
Total Revenues	<u>364,042</u>	<u>59</u>	<u>21,765</u>	<u>6,646</u>	<u>392,512</u>
EXPENDITURES					
Administration	270,600	-	-	-	270,600
Police	-	-	9,174	4,380	13,554
Capital outlay	-	-	21,636	-	21,636
Debt service:					
Principal	-	1,550,000	-	-	1,550,000
Interest	-	78,113	-	-	78,113
Total Expenditures	<u>270,600</u>	<u>1,628,113</u>	<u>30,810</u>	<u>4,380</u>	<u>1,933,903</u>
REVENUES OVER (UNDER) EXPENDITURES	93,442	(1,628,054)	(9,045)	2,266	(1,541,391)
OTHER FINANCING SOURCES					
Transfers in	-	1,006,688	-	-	1,006,688
NET CHANGE IN FUND BALANCE	93,442	(621,366)	(9,045)	2,266	(534,703)
FUND BALANCES, JANUARY 1	<u>251,282</u>	<u>740,843</u>	<u>143,092</u>	<u>73,845</u>	<u>1,209,062</u>
FUND BALANCES, DECEMBER 31	<u>\$ 344,724</u>	<u>\$ 119,477</u>	<u>\$ 134,047</u>	<u>\$ 76,111</u>	<u>\$ 674,359</u>

CITY OF BALLWIN, MISSOURI
SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes (Sewer lateral fees)	\$ 296,000	\$ 364,042	\$ 68,042
EXPENDITURES			
Administration:			
Sewer lateral repairs	262,000	237,215	(24,785)
Administration costs	33,385	33,385	-
Total Expenditures	<u>295,385</u>	<u>270,600</u>	<u>(24,785)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 615</u>	93,442	<u>\$ 92,827</u>
FUND BALANCE, JANUARY 1		<u>251,282</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 344,724</u>	

CITY OF BALLWIN, MISSOURI
SUPPLEMENTARY INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ -	\$ 59	\$ 59
EXPENDITURES			
Debt service:			
Principal	1,550,000	1,550,000	-
Interest	78,113	78,113	-
Total Expenditures	<u>1,628,113</u>	<u>1,628,113</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,628,113)	(1,628,054)	59
OTHER FINANCING SOURCES			
Transfers in	<u>1,006,688</u>	<u>1,006,688</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (621,425)</u>	(621,366)	<u>\$ 59</u>
FUND BALANCE, JANUARY 1		<u>740,843</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 119,477</u>	

CITY OF BALLWIN, MISSOURI
SUPPLEMENTARY INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 885,500	\$ 851,500	\$ 915,047	\$ 63,547
Donations	-	29,000	29,085	85
Grants and Entitlements	<u>1,080,000</u>	<u>1,106,300</u>	<u>764,423</u>	<u>(341,877)</u>
Total Revenues	<u>1,965,500</u>	<u>1,986,800</u>	<u>1,708,555</u>	<u>(278,245)</u>
EXPENDITURES				
Capital Outlay				
Administration:				
Support services	<u>-</u>	<u>38,900</u>	<u>33,057</u>	<u>(5,843)</u>
Public works:				
Pavement maintenance	<u>1,351,500</u>	<u>1,073,500</u>	<u>954,796</u>	<u>(118,704)</u>
Total Public Works	<u>1,351,500</u>	<u>1,073,500</u>	<u>954,796</u>	<u>(118,704)</u>
Parks and recreation:				
Parks	<u>30,000</u>	<u>25,000</u>	<u>23,810</u>	<u>(1,190)</u>
Total Expenditures	<u>1,381,500</u>	<u>1,137,400</u>	<u>1,011,663</u>	<u>(125,737)</u>
REVENUES OVER EXPENDITURES	584,000	849,400	696,892	(152,508)
OTHER FINANCING USES				
Transfers out	<u>(1,084,492)</u>	<u>(1,084,492)</u>	<u>(1,124,847)</u>	<u>(40,355)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (500,492)</u>	<u>\$ (235,092)</u>	(427,955)	<u>\$ (192,863)</u>
FUND BALANCE, JANUARY 1			<u>550,332</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 122,377</u>	