

The seal of the Missouri State Auditor is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "JUSTICE WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

**Nicole Galloway, CPA**

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**Missouri State Auditor**

**City of Bel-Ridge**

Report No. 2020-072

September 2020

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the City of Bel-Ridge

|  |  |
|--|--|
| Financial Condition                        | The Board of Aldermen is not adequately monitoring the city's financial condition, is not receiving detailed information showing financial data for each fund, and has poor budgeting procedures. These practices have allowed the fund balance of the General Fund to decline in recent years.  |
| Budgets and Financial Reporting            | The Board does not have adequate procedures to prepare or monitor budgets. The city has not published financial statements for the year ended December 31, 2018. The city did not timely file an annual financial reports with the State Auditor's Office as required by state law.  |
| Tax Increment Financing                    | The city has taken no action on the Tax Increment Financing (TIF) project redevelopment plan since its approval and has not assessed the status of the project or distributed any surplus TIF revenues collected. The city has not repaid amounts due to the TIF Fund, Park Fund, and Storm Water Fund from TIF revenues commingled among the General, TIF, Park, and Storm Water Funds, and the city has not established separate accounts for payments in lieu of taxes and economic activity taxes. City officials did not file annual reports for the TIF project for the year ended December 31, 2010, 2012, or 2016, with the Missouri Department of Revenue, and the annual reports filed were not always accurate. The city has not held public hearings every 5 years for the project as required by state law. |
| Restricted Revenues                        | The city is not properly tracking the balance of some restricted monies. As a result, the city could not determine at a point in time what portion of the General Fund represented restricted monies.  |
| Disbursements                              | City disbursements were not properly supported or approved, some disbursements were questionable, and some bills were not paid timely resulting in late fees and finance charges. In addition, the city did not properly bid several purchases and did not always obtain written contracts.  |
| Officials' Compensation                    | The city did not annually fix salaries for officers and employees of the city by ordinance as required. Additionally, the city executed a multi-year contract with the Chief of Police that conflicts with city ordinances, and approved compensation to a former Alderman that was not allowable.   |
| Receipting Controls and Payroll Procedures | The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over receiving and depositing monies is performed. Receipt slips are not always issued for monies received, the numerical sequence of receipt slips is not accounted for, receipts are not reconciled to deposits, and checks/money orders are not restrictively endorsed immediately upon receipt. Employment records for employees are not complete. Payroll duties are not properly segregated and payroll records are not properly reviewed.   |
| Management Practices and Procedures        | The city has not properly monitored the status of a promissory note due the city. The Board has not documented an evaluation of the license fees for businesses/occupations and merchants, and has no support for the basis for changes made to license fees for businesses/occupations.   |

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**Sunshine Law and Ordinances** Minutes for several open and closed Board meetings could not be located, the City Clerk had not signed some minutes as the preparer, and the Board had not timely approved some minutes. The Board did not always comply with the Sunshine Law regarding closed meetings. Meeting notices and agendas were not provided for some meetings. The city does not properly account for all ordinance numbers and could not locate ordinances for 7 ordinance numbers skipped during 2018, or provide any documentation indicating these ordinances had been presented to or approved by the Board.

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**Capital Assets and Insurance Procedures** The city does not maintain records of its capital assets and has not developed procedures to identify capital asset purchases and dispositions throughout the year. In addition, the city does not tag, number, or otherwise identify most property items as belonging to the city, or perform annual physical inventories. Also, the city's property insurance policy did not include loss coverage for 4 residential properties owned by the city or for improvements at a city park.

In the areas audited, the overall performance of this entity was **Poor**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# City of Bel-Ridge

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Aldermen  
City of Bel-Ridge, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Bel-Ridge. We have audited certain operations of the city in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2018. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

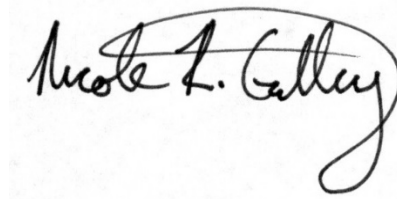
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and court records and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Bel-Ridge.

An additional report, Report No. 2019-109, *Twenty-First Judicial Circuit, City of Bel-Ridge Municipal Division*, was issued in November 2019.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

|                    |                                    |
|--------------------|------------------------------------|
| Senior Director:   | Randall Gordon, M.Acct., CPA, CGAP |
| Audit Manager:     | John Lieser, CPA                   |
| In-Charge Auditor: | Steven Re', CPA                    |
| Audit Staff:       | Troy Tallman, CFE                  |

# City of Bel-Ridge

## Management Advisory Report

### State Auditor's Findings

#### 1. Financial Condition

The Board of Aldermen is not adequately monitoring the city's financial condition, is not receiving detailed information showing financial data for each fund, and has poor budgeting procedures. These practices have allowed the fund balance of the General Fund to decline in recent years.

The General Fund is used for most of the city's financial activity and various recent events have contributed to a lower fund balance. By commingling revenues of the Tax Increment Financing (TIF) Fund with the General Fund, the city is using restricted funds to help finance the general operations of the city (see Management Advisory Report (MAR) finding number 3). In addition, the Board is not adequately monitoring the city's financial condition.

The following table presents the changes in the General Fund balance for the 4 years ended December 31, 2018:

|                                  | Year Ended December 31, |           |           |           |
|----------------------------------|-------------------------|-----------|-----------|-----------|
|                                  | 2018                    | 2017      | 2016      | 2015      |
| Beginning Fund Balance           | \$ (222,220)            | (179,654) | 514,737   | 482,495   |
| Revenues                         | 1,783,677               | 1,722,356 | 1,537,701 | 1,782,227 |
| Other financing sources          | 1,100                   | 1,560     | 10,692    | 425,188   |
| Total Funds Available            | 1,562,557               | 1,544,262 | 2,063,130 | 2,689,910 |
| Less: Expenditures               | 2,164,942               | 1,766,482 | 2,242,784 | 2,175,173 |
| Ending Fund Balance              | (602,385)               | (222,220) | (179,654) | 514,737   |
| Fund Balance Increase/(Decrease) | \$ (380,165)            | (42,566)  | (694,391) | 32,242    |

Source: Amounts for 2015-2017 were obtained from the city's audited financial statements. Amounts for 2018 were obtained from the city's unaudited profit and loss statement that excludes any year-end adjusting journal entries. Also, for comparability, the amounts in 2015 and 2016 include the Public Works Fund that was combined with the General Fund beginning in 2017.

Expenditures increased in 2016 because the city paid off the remaining principal and interest, totaling approximately \$334,000, on general obligation bonds that more than offset decreases in expenditures for capital outlays and other items. Expenditures decreased in 2017 primarily due to the elimination of debt service payments. In 2018, total expenditures increased primarily due to increases of about \$200,000 for premiums for workers compensation and employee health insurance, \$100,000 for police staffing and salaries, \$65,000 for police vehicles and equipment, and \$40,000 for building inspections. In 2015, other financing sources was higher than in subsequent years due to capital asset acquisitions and transfers from the TIF Fund. Total revenues decreased in 2016 and increased for both 2017 and 2018 due to Proposition P sales tax revenues the city began receiving in 2017. Those revenues totaled approximately \$145,000 and \$15,000 for the years ended December 31, 2018, and 2017, respectively.



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Management Advisory Report - State Auditor's Findings

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The amounts due the TIF Fund from the General Fund totaled approximately \$698,000, \$546,000, and \$478,000 at December 31, 2017, 2016, and 2015, respectively, because TIF revenues (restricted monies) were combined with General Fund revenues as noted in MAR finding number 3. The fund balance of the General Fund was not sufficient to offset the liability to the TIF Fund, resulting in a negative fund balance for the General Fund at year end from 2016 through 2018. Additionally, as noted in MAR finding number 4, the General Fund balance includes additional restricted monies, and the city does not track the unrestricted portion of the fund's balance. Furthermore, based on the summarized 2019 revenues and expenditures and 2020 projections in the city's 2020 budget, General Fund expenditures exceeded revenues during 2019 by approximately \$191,000 resulting in a further decline in the fund balance, but revenues are expected to exceed expenditures by approximately \$3,000 during 2020.

The city's poor budgetary preparation and monitoring procedures (see MAR finding number 2.1) have contributed to the financial condition problem. Additionally, the lack of sufficient financial information has not allowed the Board to fully comprehend all funding available when making spending decisions. Financial reports, such as budget-to-actual reports, have not been presented to the Board to allow it to properly monitor the financial position of the city. The Board cannot adequately monitor the financial position of the city without periodic financial reports. Additionally, budget-to-actual reports would help ensure budgets are not overspent and funds are available for expenditure.

It is essential the Board address the financial condition of the city's General Fund in both the immediate and long-term future. The failure to prepare complete budgets and a lack of appropriate financial data make it apparent the Board is not adequately monitoring the city's financial condition on a regular basis. Accounting control weaknesses and lax controls over expenditures have been identified and discussed in more detail throughout the report. The Board should reduce spending where possible, evaluate controls and management practices to ensure efficient use of resources, monitor detailed financial data that includes fund balances for each fund, and closely monitor budgets.

## Recommendation

The Board of Aldermen ensure detailed financial data is received monthly, perform immediate and long-term planning, and closely monitor and take necessary steps to improve the city's financial condition.

## Auditee's Response

*The City of Bel-Ridge appreciates the efforts made by the Auditor's office to uncover and assess the financial circumstances of the city during the audit period 2 years ago in 2018 when the city was under different leadership. Indeed, many of the city's current officials were active in the petition effort to have the Auditor come in and examine the practices of the city at that time.*





City of Bel-Ridge  
Management Advisory Report - State Auditor's Findings

*We are grateful that the Auditor and her team have been so diligent and professional in exposing that administration's shortcomings.*

*This administration agrees with the Auditor's recommendation that the Board should ensure it has accurate and timely financial information and has begun the process of restoring fiscal integrity and effective oversight by the Board. As part of that effort the city is now seeking to engage experienced accountants to enact better and more accurate, timely, and informative accounting practices to allow the city to better monitor and plan its finances.*

## 2. Budgets and Financial Reporting

### 2.1 Budgets

#### Preparation

City officials did not prepare complete and accurate annual budgets or monitor budgets. They also did not publish accurate semiannual financial statements or file annual financial reports.

The Board does not have adequate procedures to prepare or monitor budgets.

The city's budgets did not contain all statutorily required elements, were not prepared under the direction of a budget officer, and beginning fund balances were not accurate. The 2018 and 2019 budgets did not include a budget message or a budget summary and the city did not designate a budget officer to develop the budget as required by statute and ordinance. In addition, because the city does not maintain a fund balance of the various funds, the city used ending fund balances from its 2016 audited financial statements as the beginning fund balances for the 2018 budgets. For the 2019 budgets, the city used the budgeted ending fund balances from the 2018 budgets as the beginning fund balances.

Section 67.010, RSMo, requires the budget to present a complete financial plan for the ensuing budget year and outlines the various information to be included in the budget. A complete budget should include the beginning available resources and a reasonable estimate of the ending available resources. A complete and well-planned budget, in addition to meeting statutory requirements, serves as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in providing information to the public about city operations and current finances and in setting the tax levy. In addition, Section 67.020, RSMo, and City Ordinance 130.030 require the city's budget to be prepared under the direction of the Budget Officer.

#### Budget deficits

The Board budgeted deficit ending fund balances for the General Fund and Police Training Fund for the years ending December 31, 2018, and 2019. The General Fund budget projected an ending fund balance of negative \$175,546 for 2018 and negative \$172,693 for 2019, while the Police Training Fund budget projected an ending fund balance of negative \$37,395 for 2018 and negative \$43,895 for 2019.



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Missouri Constitution, Article VI, Section 26(a), and Section 67.010.2, RSMo, require political subdivisions ensure that expenditures do not exceed revenue plus any unencumbered fund balance.

Monitoring

The Board does not adequately monitor budget-to-actual revenues or expenditures. Detailed year-to-date budget-to-actual reports of financial activity are not presented to the Board. As a result, actual expenditures exceeded budgeted amounts for the General Fund and TIF Fund by approximately \$400,000 and \$79,000, respectively, for the year ended December 31, 2018.

Without appropriate financial data, it is apparent the Board is not adequately monitoring the city's financial condition on a regular basis. In addition, Section 67.040, RSMo, requires political subdivisions to keep expenditures within amounts budgeted, but allows for budget increases if the governing body officially adopts a resolution setting forth the facts and reasons. In addition, Section 67.080, RSMo, provides that no expenditure of public monies should be made unless it is authorized in the budget. Proper monitoring and amending prior to expending funds is necessary for the budget to be an effective management tool and to comply with state law.

Park Fund

The Park Fund has accumulated a significant fund balance with no documented plans for its use. The fund balance of the Park Fund at December 31, 2018, of approximately \$519,000 is more than 7 times the disbursement total of approximately \$68,000 for the year ended December 31, 2018. Based on the city's 2019 budget, the fund balance was projected to increase to approximately \$593,000. Neither the city's budget document nor the Board minutes mention the master park plan indicated in the minutes of a Public Works Board meeting.

Accumulating an excessive cash balance in the Park Fund with no specific long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The Board should determine its future needs, and consider reducing future taxes if a specific use for the cash reserves is not determined.

2.2 Published financial statements

The city has not published financial statements for the year ended December 31, 2018. As a result, information regarding the city's financial activity and condition is not available to citizens.

Section 79.160, RSMo, requires the Board to prepare and publish semiannual financial statements that include a full and detailed account of the receipts, disbursements, and indebtedness of the city. In addition, City Code Section 110.100 requires the Board to publish semiannual financial statements.

2.3 Filing of financial reports

The city did not timely file annual financial reports with the State Auditor's Office as required by state law. The city's financial report for the year ended



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December 31, 2018, due by June 30, 2019, was filed on September 12, 2019, and the city's financial report for the year ended December 31, 2019, due by June 30, 2020, had not been filed as of August 24, 2020.

Section 105.145, RSMo, requires each political subdivision to file annual reports of its financial transactions with the State Auditor's Office. In addition, 15 CSR 40-3.030, requires each political subdivision to file annual financial reports within 6 months of the end of its fiscal year.

## Recommendations

The Board of Aldermen:

- 2.1 Prepare accurate annual budgets that contain all information required by state law, designate a budget officer, discontinue deficit budgeting, and ensure the budgets are adequately monitored and properly amended. Additionally, the Board should evaluate funding needs of the city parks and consider reducing future taxes, and if plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.
- 2.2 Ensure the city's semiannual financial statements are published as required by state law and city ordinance.
- 2.3 Timely submit annual financial reports to the State Auditor's Office as required by state law.

## Auditee's Response

- 2.1 *The new city administration will ensure its annual budgets are prepared and adopted as required and properly monitored, and will reassess funding needs and only levy taxes to generate revenue actually needed to meet those funding needs.*
- 2.2 *The city accepts the Auditor's recommendation and will see to it that semiannual financial statements are published as required by law.*
- 2.3 *The city accepts the Auditor's recommendation and will timely submit annual financial reports to the State Auditor's Office as required by state law.*

## 3. Tax Increment Financing

We noted concerns with the city's handling of a Tax Increment Financing (TIF) project. The city has not assessed the project status, repaid amounts from commingled TIF revenues, or properly accounted for TIF revenues. Additionally, the city has not filed annual reports or held public hearings as required.

TIF is an economic development tool that redirects local tax revenues to the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800 to 99.865, RSMo, known as the Real Property



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Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation, along with a portion (50 percent in this case) of the incremental increases to sales taxes, resulting from the redevelopment. When a TIF plan is adopted, real estate taxes and economic activity taxes in the redevelopment area are frozen at the current level, or base valuation. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to any increased assessed valuation above the base value and by applying 50 percent of any increases to sales taxes over the base year, a tax "increment" is created. The real estate tax increments are referred to as payments in lieu of taxes (PILOTS) and the sales taxes increases are referred to as economic activity taxes (EATS). The PILOTS and EATS collected from the redevelopment areas are required to be deposited by the city into a special allocation fund for each project.

In May 2006, the city enacted ordinance 2006-11 approving the Bel-Ridge North TIF Redevelopment Plan that established the redevelopment area along and north of Natural Bridge Road and described the redevelopment project. The ordinance also adopted tax increment financing for the redevelopment area and redevelopment project.

### 3.1 Project status

The city has taken no action on the redevelopment plan since its approval and has not assessed the status of the project or distributed any surplus TIF revenues collected.

Since approval of the redevelopment plan in 2006, the project has been inactive. During 2012, at the request of the city, the developer relinquished his rights to the project. According to the former developer and current city officials, no work was performed on the project and there are no plans to complete the project. However, as noted in section 3.2, expenses for street work on northern Bel-Ridge streets was charged to the TIF Fund in 2018.

According to a St. Louis County official, the county began distributing PILOTS to the city<sup>1</sup> in 2007, and the city's TIF reports indicate EATS on-hand as of September 30, 2010. Based on the last TIF report filed for the project (year ended December 31, 2018), TIF revenues held by the city totaled approximately \$1,028,000. In 2018 the city expended approximately \$79,000 from the TIF Fund resulting in the TIF Fund balance at December 31, 2018, totaling approximately \$949,000 (\$1,028,000 less \$79,000). Taxing districts contributing PILOTS and EATS to the project include the Normandy School District, City of St. Louis, City of Bel-Ridge, and other taxing authorities.

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<sup>1</sup> Assessed valuations and sales taxes may increase in a TIF area resulting in PILOTS and EATS without action on a TIF redevelopment plan due to other developments occurring within the area or in nearby areas, or due to improvements in general economic conditions.



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Section 99.810.1(3), RSMo, requires redevelopment projects be completed within 23 years of the ordinance approving the redevelopment plan. Since the redevelopment plan for the project was approved in 2006, the statute requires the project end no later than 2029. In addition, Section 99.835, RSMo, requires any TIF moneys not required for payment of redevelopment costs shall be deemed to be surplus funds and all surplus funds shall be distributed to the taxing districts in the redevelopment area. As the city has no current plans for the development of the project, the net TIF revenues on hand represent surplus revenues.

By collecting PILOTS and EATS with no plans for the money, the city has deprived the taxing districts of amounts that could be available for other purposes. Also the taxpayers who paid the PILOTS and EATS have not received benefits from the project.

### 3.2 Commingling TIF revenues

The city has not repaid amounts due to the TIF Fund, Park Fund, and Storm Water Fund from TIF revenues commingled among the General, TIF, Park, and Storm Water Funds in previous years.

The following table lists the amounts due to or (due from) the TIF Fund as of December 31, 2017:

| Fund                          | Amount due to/(from)<br>the TIF Fund |
|-------------------------------|--------------------------------------|
| General Fund                  | \$ 698,499                           |
| Park Fund                     | (170,676)                            |
| Storm Water Fund              | (49,966)                             |
| Net total due to the TIF Fund | \$ 477,857                           |

Source: City of Bel-Ridge audited financial statements for the year ending December 31, 2017.

No repayments of these amounts were made during 2018, and these amounts continue to remain due as of December 31, 2018. Additionally, during 2018, the city incurred approximately \$79,000 for street repairs and improvements and also tree removal and pruning that was charged to the TIF Fund. Since city officials could not locate the redevelopment plan for the project, it is not clear if the work performed was within the project area or in accordance with the redevelopment plan. Some of the work performed was on a street that was ceded to the city from the City of Berkeley in 2018, about 12 years after the redevelopment plan was adopted. City officials could not locate the redevelopment plan or explain why these costs were charged to the TIF Fund.

Additionally, the city has not established separate accounts for PILOTS and EATS. Therefore, the amount of PILOTS on hand and the amount of EATS on hand cannot be determined.



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Section 99.845.5, RSMo, states, "The treasurer or other designated financial officer of the municipality with approved plans or projects shall deposit such funds in a separate segregated account within the special allocation fund established pursuant to section 99.805." Further, Section 99.805(16), RSMo, defines "Special allocation fund" as "the fund of a municipality or its commission which contains at least two separate segregated accounts for each redevelopment plan, maintained by the treasurer of the municipality or the treasurer of the commission into which payments in lieu of taxes are deposited in one account, and economic activity taxes and other revenues are deposited in the other account."

To ensure that TIF revenues have been used for allowable purposes and properly accounted for, PILOTS and EATS should be separately accounted for and amounts due to/from the TIF Fund should be repaid. The 2018 TIF Fund expenditures should be evaluated to determine if the expenses were in accordance with the redevelopment plan.

### 3.3 Reporting

City officials did not file annual reports for the TIF project for the year ended December 31, 2010, 2012, or 2016, with the Missouri Department of Revenue (DOR), and the annual reports filed were not always accurate. For example, the annual reports for 2017 and 2018 indicated the amounts collected since inception and the amounts on hand for PILOTS and EATS were zero and the project status was fully operational. Also, the developer, who relinquished his rights to develop the project in 2012, was still listed as the developer.

Section 99.865.1, RSMo, requires each municipality to file an annual report with the DOR by November 15 of each year regarding the status of each redevelopment plan and redevelopment project existing as of December 31 of the preceding year.

### 3.4 Public hearings

The city has not held public hearings every 5 years for the project as required by state law. The city could not provide documentation of any public hearings occurring since the redevelopment plan was approved in May 2006.

Section 99.865.3, RSMo, states, "Five years after the establishment of a redevelopment plan and every five years thereafter the governing body shall hold a public hearing regarding those redevelopment plans and projects created pursuant to sections 99.800 to 99.865. The purpose of the hearing shall be to determine if the redevelopment project is making satisfactory progress under the proposed time schedule contained within the approved plans for completion of such projects. Notice of such public hearing shall be given in a newspaper of general circulation in the area served by the commission once each week for four weeks immediately prior to the hearing."



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## Recommendations

The Board of Aldermen:

- 3.1 Review the current status of the TIF project and assess the city's position whether to proceed with the redevelopment plan or dissolve the TIF district and return all surplus funds to the proper taxing authorities.
- 3.2 Ensure PILOTS and EATS are separately accounted for, determine whether 2018 expenses charged to the TIF Fund should be repaid to the TIF Fund, and develop plans to repay the amounts due to the TIF Fund, Park Fund, and Storm Water Fund.
- 3.3 Ensure accurate annual reports are filed with the state for each TIF.
- 3.4 Ensure public hearings are held on TIF redevelopment plans as required by state law and city ordinance.

## Auditee's Response

- 3.1 *The city agrees with the Auditor's finding that the city's prior administration did not properly manage its TIF responsibilities and accepts the Auditor's recommendation to review the status of the TIF project and assess whether to proceed with the redevelopment plan or dissolve the TIF district.*
- 3.2 *The city accepts and has already begun implementing this recommendation of the Auditor. The city has met with its auditors and accountant(s) and is in the process of investigating the possible amounts due to the TIF Fund, Park Fund and Storm Water Fund.*
- 3.3 *The city accepts the Auditor's recommendation and will ensure accurate annual reports are filed with the state for each TIF.*
- 3.4 *The city accepts the Auditor's recommendation and will ensure public hearings are held on TIF redevelopment plans.*

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## 4. Restricted Revenues

The city is not properly tracking the balance of some restricted monies. During the year ended December 31, 2018, approximately \$85,000 in state motor vehicle-related monies, \$146,000 in public safety sales tax monies, \$181,000 in capital improvement sales tax monies, and \$17,000 in sewer lateral fees received were deposited into the General Fund. State motor vehicle-related monies were combined with other general monies and the related disbursements and balance was not tracked. The balances of the other restricted monies also were not tracked, although receipt and disbursement transactions were separately identified within the General Fund. As a result, the city could not determine at a point in time what portion of the General Fund represented restricted monies.



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Article IV, Sections 30(a) and 30(b), Missouri Constitution require motor vehicle-related receipts apportioned by the state of Missouri be disbursed for street-related purposes only. The city's share of St. Louis County sales tax revenues for public safety (Proposition P) were approved by county voters to be used only for public safety purposes. Section 94.890.6, RSMo, requires that capital improvements sales taxes be deposited in a special trust fund, and city ordinances require sewer lateral fees be restricted for repairs to sewer service lines. Separate accounting of restricted monies is necessary to ensure compliance with the Missouri Constitution, state laws, and city ordinances.

## Recommendation

The Board of Aldermen determine the amount of restricted monies in the General Fund and establish separate funds or a separate accounting of the restricted monies, including the balances.

## Auditee's Response

*The city accepts and has already begun implementing this recommendation of the Auditor. The city has met with its auditors and accountant(s) and is in the process of determining the amount of restricted monies in the General Fund and establishing separate funds or a separate accounting of the restricted monies, including the balance, from time to time.*

## 5. Disbursements

City disbursements were not properly supported or approved, some disbursements were questionable, and some bills were not paid timely resulting in late fees and finance charges. In addition, the city did not properly bid several purchases and did not always obtain written contracts.

During the year ended December 31, 2018, the city made non-payroll disbursements totaling approximately \$1.4 million including approximately \$20,000 in purchases with credit cards and \$49,000 with fuel cards.

### 5.1 Disbursement documentation and review

Significant improvement is needed in the city's disbursement documentation and review procedures.

#### Credit card receipt slips

The city does not always retain receipt slips for credit card purchases and does not reconcile the receipt slips to the credit card statements. For the transactions, totaling \$3,445, from the credit card statements reviewed for December 2017, June 2018, and July 2018, the city could only locate 6 receipt slips totaling \$245.

#### Review of invoices

The city does not always properly review invoices prior to payment. Invoices are provided to the Board President for review prior to payment and a list of disbursements is provided to the entire Board for review at the subsequent Board meeting. We noted the following concerns:

- For 12 of 40 disbursements tested, totaling \$39,392, the supporting invoices contained no initials or signature of the former Board President





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indicating review and approval. Additionally, one item tested containing the former Board President's initials was an employee expense reimbursement in which the employee inappropriately received reimbursement for both \$49 in gasoline and \$129 in personal vehicle mileage reimbursement for the same trip.

- For 1 of 2 credit card statements reviewed, totaling \$7,270, for fuel purchases, the statement had no indication of being reviewed by a Board member.
- The city did not timely remove the former Mayor from the city's health insurance plan after her departure from the city in April 2018. The city paid the \$420 monthly health insurance premiums for the former Mayor through November 2018. When city personnel discovered the oversight, they contacted the health insurer and received a credit for all but \$1,464 (or approximately 4 months) of the premiums for the health insurance coverage.

To ensure obligations were actually incurred and amounts paid were proper, all disbursements should be thoroughly reviewed, approved, and supported by paid receipt slips, itemized vendor invoices, or other detailed documentation. Additionally, authorization for payment should be clearly indicated.

## 5.2 Questionable expenditures

The city incurred costs for food, entertainment, supplies, gifts, and alcoholic beverages for Christmas events in December 2017 and 2018 for employees and families totaling approximately \$1,200 that were not reasonable and/or did not provide a benefit to the city.

Public funds should be spent only on items necessary and beneficial to the city. Citizens have placed a fiduciary trust in their public officials to spend city monies in a prudent and necessary manner.

## 5.3 Procurement procedures and contracts

### Procurement

The city does not have a formal bidding policy and does not always obtain written contracts.

The city has not established policies for the selection of vendors providing professional services, and does not have a formal bidding policy. The city did not solicit bids or proposals for legal services (\$88,158), building inspection services (\$63,999), engineering services (\$42,303), accounting services (\$31,308), tree removal and pruning services (\$23,063), or equipment for police vehicles (\$11,385). In addition, bids were not obtained on 6 police vehicles costing \$183,852 acquired in January 2018 and February 2018 by a lease purchase from a Kansas dealership when comparable vehicles could have been obtained for approximately \$48,000 less from a Missouri dealer from the statewide contract.



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Soliciting proposals for professional services is a good business practice, helps provide a range of possible choices, and allows the city to make better-informed decisions to ensure necessary services are obtained from the best qualified provider after taking expertise, experience, and cost into consideration.

Formal bidding procedures for major purchases or services provide a framework for economic management of city resources and help ensure the city receives fair value by contracting with the lowest or best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in city business. Formal bidding procedures should be sufficiently detailed and include requirements for documenting the process of awarding a bid.

Written contracts

The city did not have written contracts with 5 attorneys providing legal services, totaling \$88,158, for general counsel and consultation on special matters.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure city monies are used appropriately and effectively. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

5.4 Late fees and finance charges

The city does not ensure bills are paid timely, resulting in late fees and finance charges totaling \$565 during the year ended December 31, 2018. The city paid late fees and finance charges totaling \$436 for late payments on credit card statements and \$129 for late payments on vehicle leases.

To prevent unnecessary fees and finance charges, procedures should be developed to ensure bills are paid timely.

Recommendations

The Board of Aldermen:

- 5.1 Maintain adequate supporting documentation for all disbursements and ensure invoices are adequately reviewed and approved.
- 5.2 Ensure all disbursements are necessary and prudent uses of public funds.
- 5.3 Periodically solicit proposals for professional services, establish formal bidding policies and procedures, and ensure bids are obtained when applicable. Also, the Board should enter into written contracts defining services provided and benefits received.
- 5.4 Implement procedures to ensure bills are paid timely.



## Auditee's Response

- 5.1 *The city agrees with the Auditor's findings that the financial management and oversight practices of former city officials were inadequate. The city accepts the recommendation of the Auditor and will maintain adequate supporting documentation for all disbursements and ensure invoices are adequately reviewed and approved.*
- 5.2 *As reflected in the Auditor's report, based upon the expenses incurred for food, entertainment, supplies, gifts, and alcoholic beverages for Christmas events, the current Board did not hold a similar party in 2019 and does not intend to do so in the future. In that same vein, the city accepts the recommendation of the Auditor and will ensure all disbursements are necessary and prudent uses of public funds.*
- 5.3 *The city accepts the recommendation of the Auditor and will develop policies and procedures with respect to the soliciting and approving of bids and will require accountability from any personnel whose stewardship of public funds has been inadequate. The city will ensure that documentation relative to the soliciting and approval of bids is maintained at city hall. The city will ensure all written contracts are executed in accordance with Section 432.070, RSMo.*
- 5.4 *The city accepts the recommendation of the Auditor and has started the process of implementing procedures to ensure bills are paid timely.*

## 6. Officials' Compensation

### Salaries ordinance

The city did not annually fix salaries for officers and employees of the city by ordinance as required. Additionally, the city executed a multi-year contract with the Chief of Police that conflicts with city ordinances, and approved compensation to a former Alderman that was not allowable.

The city did not annually fix salaries for officers and employees of the city by ordinance. Section 79.270, RSMo, authorizes the Board to fix the compensation of city officials and employees by ordinance. City Code Section 115.060 requires the Board to fix the compensation of all the officers and employees of the city by ordinance.

### Chief of Police's contract

In January 2019, the city approved a multi-year employment contract with the Chief of Police that restricts the ability of future Boards to annually appoint the Chief of Police and fix the salary as required by city ordinances. The current Chief of Police was appointed in April 2018. In January 2019, the Board approved a contract drafted by the Chief of Police and one of the city's contracted attorneys that extended the Chief of Police's employment for 5 years through December 31, 2023, and included an annual salary rate increase of 3 percent.



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City Code Section 200.020 requires the Chief of Police be subject to annual appointment by the Board, and City Code Section 115.060 requires the Board to fix the compensation of all the officers and employees of the city by ordinance.

Additional compensation to Alderman

The city was not in compliance with its conflict of interest ordinance when it paid a Board member \$194 for street work performed in November 2018, in addition to his salary as Alderman.

City Code Section 117.040 prohibits any Board member from performing "... any service for the city for any consideration other than the compensation provided for the performance of one's official duties."

## Recommendation

The Board of Aldermen ensure salaries and compensation for city officers and employees are in accordance with city ordinances and state law.

## Auditee's Response

*The city agrees with the Auditor's finding that former city officials improperly structured employee and official compensation. The city agrees with the Auditor's recommendation and will develop policies and procedures and pass appropriate ordinance(s) with respect to the compensation of city officers and employees.*

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## 7. Receipting Controls and Payroll Procedures

Weaknesses exist with the city's controls and procedures over receipts and payroll.

During 2018, the city received monies for various taxes, fees, and licenses totaling approximately \$2.4 million and the city made payroll disbursements totaling approximately \$947,000.

### 7.1 Segregation of duties

The Board has not adequately segregated accounting duties or ensured a documented supervisory or independent review over receiving and depositing monies is performed. The City Clerk, 2 deputy clerks, and the Police Clerk each receipt monies and prepare their own deposits. No reviews of the detailed receipt slips and deposits are performed by other city personnel or Board members.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of receipts and bank deposits should be performed.

### 7.2 Receipts, deposits, and reconciliations

Receipt slips are not always issued for monies received, the numerical sequence of receipt slips is not accounted for, receipts are not reconciled to deposits, and checks/money orders are not restrictively endorsed immediately upon receipt.



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For 14 deposits tested from October 1, 2018, through October 23, 2018, totaling approximately \$35,000, receipts slips were not issued for 10 receipts totaling \$19,881. In addition, the city did not account for the numerical sequence of receipt slips issued or reconcile the receipts to the deposits. Also, when conducting cash counts in April 2019, we noted none of the 3 checks on hand, totaling \$305, had been restrictively endorsed.

Failure to implement adequate receipting, depositing, and reconciling procedures increases the risk that loss, theft, or misuse of monies could occur and go undetected.

### 7.3 Personnel records

Employment records for employees are not complete. For 10 employee personnel files reviewed, we noted the following documentation was lacking from the files:

- approved pay rates for 6 employees,
- employment application forms for 3 employees, and
- the I-9 form for 1 employee.

Complete personnel records should be maintained for all employees to provide documentation for personnel actions. In addition, according to the federal Immigration Reform and Control Act of 1986, an individual may not begin employment unless an I-9 form is completed.

### 7.4 Payroll segregation

Payroll duties are not properly segregated and payroll records are not properly reviewed. The Chief of Police enters authorized pay rates, deductions, and leave hours used into the payroll system for payroll preparation by the contracted payroll processor. Although an accounting firm prepares the city's bank reconciliations and posts journal entries into the accounting system related to payroll, it does not perform a review for the propriety of payroll amounts paid.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of payroll records should be performed to ensure that payroll amounts are proper.

## Recommendations

The Board of Aldermen:

- 7.1 Segregate the accounting duties. If proper segregation cannot be achieved, ensure documented independent or supervisory reviews are performed.
- 7.2 Ensure receipt slips are issued for all monies received, ensure the numerical sequence of all receipts slips is accounted for, and



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reconcile receipts to deposits. In addition, the Board should ensure checks are restrictively endorsed upon receipt.

7.3 Ensure employment records are maintained and complete for all employees.

7.4 Segregate the payroll duties. If proper segregation cannot be achieved, ensure documented independent or supervisory reviews are performed.

## Auditee's Response

7.1 *The city accepts the recommendation of the Auditor and will develop and implement policies and procedures to either segregate accounting duties, or if proper segregation cannot be achieved due to limited staffing, ensure that documented independent or supervisory reviews are performed.*

7.2 *The city accepts the recommendation of the Auditor and has already taken steps to ensure that receipt slips are issued for all monies received, properly accounted for, and reconciled to the deposit. Further, the Board will pass appropriate legislation setting forth what city officers and/or employees are authorized to endorse checks.*

7.3 *The city accepts the recommendation of the Auditor and will develop and implement policies and procedures to ensure employment record management functions are centralized and uniform to the extent possible and that they are regularly maintained and complete for all employees.*

7.4 *The city accepts the recommendation of the Auditor and will develop policies and procedures to ensure that payroll management is centralized and uniform to the extent possible and that documented independent or supervisory reviews are performed.*

## 8. Management Practices and Procedures

Management practices and procedures are in need of improvement.

### 8.1 Monitoring promissory note

The city has not properly monitored the status of a promissory note due the city. In 2010, the city sold land that included several homes to a buyer for \$180,000. The sale terms required the buyer to pay the city \$80,000 upon sale closing, and the buyer issued an unsecured promissory note to the city for the remaining \$100,000. The promissory note requires the buyer to make quarterly payments of an amount equal to 25 percent of the buyer's net cash flow from the property from the previous quarter and requires the loan be paid in full by December 31, 2030. City officials indicated the buyer has not made



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any payment to the city or provided financial records, and the city has not requested the buyer's financial records to ensure the buyer is honoring the terms of the note. According to the buyer, there have not yet been any profits from the property.

The Board has a fiduciary responsibility to taxpayers to ensure procedures are developed to review the buyer's financial records periodically, and require payment, if appropriate, to provide assurance monies owed to the city are collected.

## 8.2 Business licenses

The Board has not documented an evaluation of the license fees for businesses/occupations and merchants, and has no support for the basis for changes made to license fees for businesses/occupations. As a result there is less assurance the license fees are set at fair, equitable, and appropriate levels. The city requires businesses/occupations pay an annual license fee based on type of business/occupation and requires merchants pay an annual license fee based on the merchant's gross sales. City receipts from license fees for businesses/occupations and merchants totaled approximately \$274,000 for the year ended December 31, 2018.

The rates for businesses/occupations annual license fees vary significantly among business types and the city has no documentation supporting the basis for the decision establishing the rates. For example, fees for building contractors, cement contractors, and electrical contractors are each \$100 per year, while fees for cleaning agencies, auto repair shops, and plumbers are \$1,000 per year, and hotels and motels are \$2,000 per year. The current fee structure was set in 2017 and reflected significant increases in fees for some businesses/occupations. In 2018, in response to concerns raised by some businesses/occupations, the Board lowered the \$2,000 and \$1,000 fees to \$500 for 2018 with those fees increasing to \$750 for 2019 and then increasing again in 2020 to \$2,000 and \$1,000. City officials could not explain the basis for the amounts and the reasons for the differences among businesses/occupations types, and the city did not maintain a record of the annual fees in place before the 2017 rate increases.

To ensure businesses/occupations license fees are established fairly and equitably, the Board should consider factors such as the business size, extent of required city services, revenues to be raised, and the type, nature, and number of businesses/occupations to be licensed in determining appropriate license fees. Additionally, complete documentation should be maintained of the rates, increases, and considerations and basis for the rates.

## Recommendations

The Board of Aldermen:

- 8.1 Determine the status of the promissory note and take steps to collect any amounts currently due.



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## Auditee's Response

8.2 Review the fairness of the business/occupation license fees and maintain documentation of the basis for the various rates.

8.1 *The city accepts the recommendation of the Auditor and will determine the status of the promissory note and take steps to collect any amounts currently due.*

8.2 *The city agrees with the Auditor's finding that former city officials set license fees unfairly. The city has already begun implementing this recommendation of the Auditor to restore a lawful business license fee structure. An ordinance was passed in March 2020 adjusting the fees charged for various business/occupation licenses including, but not limited to, auto repair shops, hotels and motels, and plumbers.*

## 9. Sunshine Law and Ordinances

City officials did not always ensure compliance with the Sunshine Law and city ordinances need improvement.

### 9.1 Meeting minutes

Minutes for several open and closed Board meetings could not be located. In addition, the City Clerk had not signed some minutes as the preparer, and the Board had not timely approved some minutes. We noted the following concerns with minutes for meetings held between January 9, 2018, and June 4, 2019.

- No minutes were provided for open meetings on May 1, 2018, February 26, 2019, March 13, 2019, and April 6, 2019, though subsequent minutes indicate the Board approved the May 1, 2018, meeting minutes on August 18, 2018. Also, the city had prepared notices and agendas for these meetings.
- No minutes were provided for closed meetings on January 9, 2018, January 18, 2018, March 14, 2018, and April 22, 2019.
- Minutes for 13 meetings were not signed by the preparer.
- Minutes were not always approved timely by the Board and minutes from 10 meetings had not been approved as of June 4, 2019. The oldest unapproved minutes were from April 24, 2018.

Section 610.020, RSMo, requires meeting minutes be maintained as a record of business conducted and to provide an official record of Board actions and decisions. The meeting minutes should be signed by the City Clerk as preparer and subsequently approved by the Board to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the meetings.





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## 9.2 Closed meetings

The Board did not always comply with the Sunshine Law regarding closed meetings. Additionally, in November 2019, the city and the Attorney General's Office agreed to a consent judgment requiring training of city officials and other corrective measures in settlement of a lawsuit filed in June 2018 over the city's handling of closed meetings from June 15, 2017, through February 15, 2018.

### Reasons for closed meetings

Open meeting minutes available from January 9, 2018, through June 4, 2019, did not document the specific reasons or section of law allowing the meeting to be closed for 8 of the 16 closed meetings held.

Section 610.022, RSMo, requires public bodies announce the specific reasons allowed by law for going into a closed meeting and to enter the vote and reason into the minutes.

### Allowable topics

Some topics discussed and voted on in the closed meetings held on February 6, 2018, and August 29, 2018, were not allowable under the Sunshine Law. During the February 6, 2018, closed meeting the Board discussed city code related to business license fees and acquiring new police vehicles. During the August 29, 2018, closed meeting the Board discussed whether a former police officer could wear a retired captain's badge.

Section 610.021, RSMo, provides that the discussion topics and actions in closed meetings should be limited to only those specifically allowed by law.

## 9.3 Meeting notices and agendas

Meeting notices and agendas were not provided for some meetings. No notices and agendas could be provided for meetings held on January 18, 2018, February 15, 2018, and April 10, 2018.

Section 610.020.1, RSMo, requires public entities to give notice of the time, date, and place of each meeting, and its tentative agenda, to advise the public of matters to be considered.

## 9.4 Ordinances

The city does not properly account for all ordinance numbers and could not locate ordinances for 7 ordinance numbers skipped during 2018, or provide any documentation indicating these ordinances had been presented to or approved by the Board.

Once approved by the Board, bills are assigned a sequential ordinance number and codified. The city maintains codified ordinances in a binder and online for the public to view including a disposition listing of city ordinances in sequential order. The disposition listing is a sequential listing indicating the ordinance number, adoption date, and subject, and provides reference to the applicable city code section, or indicates the ordinance does not affect city code. For 2018, the disposition listing skipped 7 ordinance numbers.



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Because ordinances passed by the Board to govern the city and its residents have the force and effect of law, it is important ordinances be complete and organized.

## Recommendations

The Board of Aldermen:

- 9.1 Maintain complete and accurate minutes for all meetings and ensure meeting minutes are signed by the preparer and approved by the Board timely.
- 9.2 Ensure specific reasons for closing a meeting are documented in the open minutes, and ensure only topics allowed by state law are discussed in closed Board meetings.
- 9.3 Ensure notices and agendas are provided to advise the public of public meetings and are retained.
- 9.4 Properly account for all ordinances.

## Auditee's Response

- 9.1 *The city agrees with the Auditor's finding that former city officials often did not comply with the requirements of the Sunshine Law. This Board has entered into a consent judgment with the Attorney General's office to correct previous practices. The city accepts and has already begun implementing the recommendation to maintain complete and accurate minutes of meetings that are properly prepared and approved.*
- 9.2 *The current city administration has and will continue the practice of the new administration to abide by the open meetings and records law with regard to authorizing and conducting closed meetings.*
- 9.3 *The current city administration has and will continue to abide by the open meetings and records law with regard to meeting notices and agendas.*
- 9.4 *The city accepts the recommendation of the Auditor and will ensure that a complete and well-organized index of all ordinances passed and rescinded be maintained at city hall, as well as accessible online.*

## 10. Capital Assets and Insurance Procedures

Controls and procedures over city property need improvement.

The city does not maintain records of its capital assets. As a result, assets are more susceptible to theft or misuse. The city's insurance carrier valued the city property, buildings, and contents at approximately \$4.7 million at December 31, 2018.



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The city has not developed procedures to identify capital asset purchases and dispositions throughout the year. In addition, the city does not tag, number, or otherwise identify most property items as belonging to the city, or perform annual physical inventories. Also, the city's property insurance policy did not include loss coverage for 4 residential properties owned by the city or for improvements at a city park. Although, these properties are covered for general liability, the structures and improvements remained uninsured for damage or loss. City officials were unaware these properties and improvements were not insured.

Adequate capital asset records and procedures, including annual inventories, are necessary to provide controls over city property; safeguard city assets that are susceptible to loss, theft, or misuse; and provide a basis for proper financial reporting and insurance coverage. Capital asset records should be maintained on a perpetual basis. Records should include a detailed description of the assets such as acquisition cost, descriptions, make and model numbers, and asset identification numbers; the physical location of the assets; and, the date and method of disposition of the assets. In addition, property control tags should be affixed to all property items to help improve accountability and ensure assets are properly identified as belonging to the city. In addition, without adequate insurance, losses of or damages to city owned assets could prohibit the city from being able to replace necessary buildings or equipment creating further financial strain. Failure to obtain property insurance exposes the city, elected officials, employees, and taxpayers to losses incurred to city property.

## Recommendation

The Board of Aldermen ensure complete and detailed capital asset records are maintained that include all pertinent information for each asset such as tag number, description, cost, acquisition date, location and subsequent disposition. The Board should also ensure city personnel properly tag, number, or otherwise identify all applicable city property and conduct and document an annual inventory, and ensure all city assets are properly insured.

## Auditee's Response

*The city started the process of compiling a complete inventory of capital assets that has the description, cost, acquisition date, and location of each asset. Moreover, the Board, in conjunction with city staff, is developing and implementing policies to ensure that city property is properly tagged and identified. As such, the city agrees with the Auditor's recommendation. The city intends to perform regular inventories hereafter.*

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# City of Bel-Ridge

## Organization and Statistical Information

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The City of Bel-Ridge is located in St. Louis County. The city was incorporated in 1947 as a village, and in 2015 voters approved reclassification to a fourth-class city. The city employed 20 full-time employees and 6 part-time employees on December 31, 2018.

City operations include law enforcement services, maintenance of streets, and parks and recreation. Additionally, the city maintains storm water sewers, but does not provide water or sewer services to residences or businesses.

### Mayor and Board of Aldermen

The city government consists of a mayor and 6-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen, at December 31, 2018, are identified below. The Mayor and Board of Aldermen members are paid \$200 per month.

Willie Fair, Mayor  
Reginald Brown, Alderman (1)  
Karen Nelson, Alderwoman (1)  
Michael Ruff, Alderman (2)  
Robbin Russell, Alderwoman and Board President (1)  
Glenn Tope, Alderman (3)  
Wilma Abernathy, Alderwoman

(1) Clifford Whitaker, Jerome Robinson, and Henry Watts were all elected in April 2019, replacing Reginald Brown, Karen Nelson, and Robbin Russell.  
(2) LaTwanya Davis was elected in June 2020 replacing Michael Ruff.  
(3) Glenn Tope was elected Board President in April 2019.

### Other Principal Officials

The Chief of Police is an appointed position. The City Attorney is a contracted position.

Mark Harris, Chief of Police  
Stephen A. Martin, City Attorney (1)

(1) Kevin O'Keefe was appointed in April 2019, replacing Stephen A. Martin as the City Attorney.

### Mayor's Transition

When Willie Fair was sworn into office as Mayor in April 2018, he sought a court order allowing him access to city hall and city records, alleging that the previous city Mayor along with other city officials were unlawfully restricting his access and prohibiting him from fully assuming his role as Mayor. The city spent approximately \$14,000 in legal fees with regard to the dispute. The city and Mayor Fair entered into a consent agreement in June 2018 allowing the Mayor access to certain areas of city hall and city records while restricting his access to other areas and records.

### Financial Activity

A summary of the city's financial activity for the year ended December 31, 2018, follows:

City of Bel-Ridge  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2018

|   | General Fund        | Police Training Fund | Storm Water Fund | Park Fund      | Tax Increment Financing Fund | Total            |
|---|---------------------|----------------------|------------------|----------------|------------------------------|------------------|
| <b>REVENUES</b>                           |                     |                      |                  |                |                              |                  |
| Taxes                                     | \$ 1,167,205        |                      | 68,961           | 160,917        |                              | 1,397,083        |
| Permits                                   | 58,427              |                      |                  |                |                              | 58,427           |
| Licenses                                  | 277,664             |                      |                  |                |                              | 277,664          |
| Grants                                    | 2,856               |                      |                  |                |                              | 2,856            |
| Municipal court                           | 249,204             |                      |                  |                |                              | 249,204          |
| Sewer lateral fees                        | 17,163              |                      |                  |                |                              | 17,163           |
| Tax increment financing                   |                     |                      |                  |                | 373,523                      | 373,523          |
| Interest                                  | 29                  |                      |                  |                | 380                          | 409              |
| Other                                     | 12,231              | 3,138                |                  |                |                              | 15,369           |
| <b>Total Revenues</b>                     | <b>1,784,779</b>    | <b>3,138</b>         | <b>68,961</b>    | <b>160,917</b> | <b>373,903</b>               | <b>2,391,698</b> |
| <b>EXPENDITURES</b>                       |                     |                      |                  |                |                              |                  |
| Administration                            | 626,980             |                      |                  |                |                              | 626,980          |
| Municipal court                           | 165,388             |                      |                  |                |                              | 165,388          |
| Police department                         | 1,040,515           |                      |                  |                |                              | 1,040,515        |
| Proposition P (police department)         | 80,952              |                      |                  |                |                              | 80,952           |
| Public Works                              | 249,659             |                      |                  |                |                              | 249,659          |
| Parks                                     |                     |                      |                  | 67,733         |                              | 67,733           |
| Storm water                               |                     |                      | 38,296           |                |                              | 38,296           |
| Sewer lateral                             | 1,450               |                      |                  |                |                              | 1,450            |
| Police training                           |                     | 3,295                |                  |                |                              | 3,295            |
| Capital outlay                            |                     |                      |                  |                | 78,580                       | 78,580           |
| <b>Total Expenditures</b>                 | <b>2,164,944</b>    | <b>3,295</b>         | <b>38,296</b>    | <b>67,733</b>  | <b>78,580</b>                | <b>2,352,848</b> |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <b>(380,165)</b>    | <b>(157)</b>         | <b>30,665</b>    | <b>93,184</b>  | <b>295,323</b>               | <b>38,850</b>    |
| <b>FUND BALANCE, JANUARY 1, 2018</b>      | <b>(222,220)</b>    | <b>(30,708)</b>      | <b>101,679</b>   | <b>425,492</b> | <b>653,298</b>               | <b>927,541</b>   |
| <b>FUND BALANCE, DECEMBER 31, 2018</b>    | <b>\$ (602,385)</b> | <b>(30,865)</b>      | <b>132,344</b>   | <b>518,676</b> | <b>948,621</b>               | <b>966,391</b>   |

Source: Revenues and expenditures were obtained from the City of Bel-Ridge 2018 Profit and Loss Statement, and beginning fund balances were obtained from the City of Bel-Ridge audited financial statements for the year ended December 31, 2017.