

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

CITY OF FENTON, MISSOURI

December 31, 2012 and 2011

CITY OF FENTON, MISSOURI

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CITY OF FENTON, MISSOURI

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FENTON

CITY OF PARKS

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Fenton, Missouri 63026-3597

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June 10, 2013

To the Honorable Mayor, Members of the Board of Aldermen, and the Citizens of the City of Fenton, Missouri:

Missouri Revised Statutes Section 67.1978 requires that every local government annually publish a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kerber, Eck and Braeckel LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Fenton’s financial statements for the year ended December 31, 2012. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of The City of Fenton

The City of Fenton was founded on the banks of the Meramec River in 1874 and is the fourth oldest community in St. Louis County. The original town consisted of eight square blocks, which are currently known as Olde Towne. The City was formally organized as a fourth class city in 1959. The current permanent population is 4,022 with a daytime average population of almost 25,000 due to the influx of workers in the industrial park and commercial areas of Fenton.

A Mayor and eight Aldermen govern the City. The Mayor is elected at large and serves a two-year term. The City is divided into 4 wards, with each ward electing two Aldermen. Aldermen serve alternating two year terms such that one Alderman from each ward stands for election each year. Board meetings are held on the fourth Thursday of each month. Committee meetings are held

on the first and second Thursday of each month. The Board appoints the City Administrator, City Clerk and each department head upon recommendation of the Mayor.

The City of Fenton operates on a calendar year budget cycle. The Board of Aldermen adopts a budget for the upcoming year in December of each year through the passage of a budget resolution. The budget then becomes effective on January 1. The budget is developed based on fund, function (e.g., Administration) and department (e.g., City Clerk). Any changes to the budget require formal action by the Board of Aldermen through a budget amendment resolution.

The City of Fenton provides a wide range of services, which includes, but is not limited to, maintenance of streets and roads, recreational and cultural activities, and planning and zoning functions. Police services are provided through a contract with St. Louis County. The residents of the City of Fenton are provided with a broad spectrum of services, which include free trash and yard waste services, curbside recycling and street lighting.

The City of Fenton is known as “The City of Parks” because of its extensive park and recreation system. The City has eight fully developed parks consisting of over 350 acres, which include soccer fields, ball diamonds, sand volleyball courts, basketball courts, playgrounds, fishing ponds and over eight miles of bike/pedestrian paths.

Economic Factors

The City of Fenton is located in Southern St. Louis County bounded by Interstate 44 on the North and State Highway 141 on the South. Interstate 270 is just east of the City and State Highway 30 runs throughout the City. This highway infrastructure provides Fenton with excellent access to the entire St. Louis metropolitan area.

Due to the industrial park, Gravois Bluffs, and Fenton Crossing shopping centers, the City enjoys a solid financial position. Government operations are funded primarily by a 1% countywide sales tax, a ½% Storm Water/Parks sales tax and a 5% commercial gross receipts tax on utilities. The City does not charge businesses with any merchants, manufacturers, municipal real estate or personal property tax. Residents pay no municipal real estate or personal property taxes. The gross receipt tax on utilities is not levied on residential use.

The Countywide sales tax is distributed based on two methods – (1) The point of sale method and (2) the pool method. Most of the stores located on the east side of Highway 141 are considered point of sale stores and those sales taxes are distributed 58% to the City of Fenton and 42% to the County. All stores located on the west side of Highway 141 (which includes all of the Fenton Crossing shopping center and more than half of the Gravois Bluffs shopping center) and some of the stores on the east side of Highway 141 are considered pool stores. Those receipts are distributed 4% to the City of Fenton and 96% to St Louis County for redistribution to other cities within the county. In total, 63% of sales tax receipts generated within Fenton are redistributed to St. Louis County and other cities within the county.

The industrial expansion in Fenton began in 1959 with the construction of the Daimler Chrysler Assembly Plant located along Interstate 44. Home to 594 companies, the current industrial park encompasses 12,205,000 square feet of space. The occupancy rate in the industrial park was at 92% in 2007, but dropped to 82% in 2008 and then to 80% in 2009. The industrial base in Fenton has declined since 2007 because of the closure of the two Chrysler assembly plants. As a result of this closure, several companies whose main business was supplying parts or services to Chrysler closed their Fenton operations.

Fenton's diverse housing base is relatively new with most of the 1,549 plus homes having been built within the last 30 years.

As a result of redevelopment efforts undertaken over the past 14 years, Fenton is home to Fenton Crossing and Gravois Bluffs shopping centers. Per a survey conducted by the City in late 2011, the two centers together total 1.5 million square feet of retail space.

Long Term Financial Planning

General Fund

As of December 31, 2012, total fund balance in the General Fund was approximately \$3.6 million, which was comprised of the following categories:

<u>Item</u>	<u>2012 Final</u>
50% Operating Reserve	\$ 2,582,680
Unassigned Fund Balance	970,155
Prepaid Expenditures	<u>14,876</u>
	<u>\$ 3,567,711</u>

The \$970,155 in unassigned fund balance is available for whatever purpose the Board of Aldermen approves.

The \$2,582,680 in operating reserve represents 50% of 2012 operating expenditures and, per Board policy, may only be used for an emergency. This account decreased by \$52,320 during 2012 because operating expenditures decreased in 2012 compared to 2011 operating expenditures.

Storm Water/Parks Fund

As of December 31, 2012, total fund balance in the Storm Water/Parks Fund was approximately \$1.9 million, which was comprised of the following categories:

<u>Item</u>	<u>2012 Final</u>
50% Operating Reserve ¹	\$ 1,235,000
Restricted for Storm Water/Parks ¹	595,212
Prepaid Expenditures	<u>29,052</u>
	<u>\$ 1,859,264</u>

¹ The 50% Operating Reserve and the Restricted Fund Balance for Storm Water/Parks is combined as a total (\$1,830,212) and shown as Restricted for Storm Water/Parks in the Storm Water/Parks Fund column on the Balance Sheet – Governmental Funds, page 23.

The \$595,212 in restricted for Storm Water/Parks is available for whatever purposes the Board approve.

The \$1,235,000 in operating reserve represents 50% of 2012 operating expenditures and, per Board policy, may only be used for an emergency. This account decreased by \$21,000 during 2012 because operating expenditures decreased in 2012 compared to 2011.

Overall, the City of Fenton has weathered a long economic downturn and the loss of two Chrysler plants fairly well because of prudent financial management on the part of the Board of Aldermen. Budget cuts made in 2012 and in prior years have produced surpluses which may be used by the Board to fund future operations of the City.

Acknowledgements

The preparation of this report on a timely basis would not have been possible without the efficient and dedicated service of city employees. We wish to extend our appreciation and thanks to all employees who assisted in the preparation of this report. Appreciation must also be given to the City's Auditors, Kerber, Eck and Braeckel, whose suggestions and attention to detail enhanced the quality of this report. Credit must also be given to the Mayor and Board of Aldermen for their dedication in establishing sound financial policies and for the time they spend reviewing all financial reports to ensure compliance with these policies.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mark A. Sartors".

Mark Sartors
City Administrator

CITY OF FENTON, MISSOURI

PRINCIPLE ELECTED AND APPOINTED OFFICIALS

December 31, 2012

ELECTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>
Mayor	Dennis Hancock
Alderman – Ward 1	Harold Bade Paul Seemayer
Alderman – Ward 2	Joe Maurath Vacant
Alderman – Ward 3	Dan Borgard Chris Clauss
Alderman – Ward 4	Gary Fischer James Mauller

APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>
City Attorney	Jerome Wallach
Municipal Court Judge	Charles Billings
Prosecuting Attorney	Stan Wallach
City Administrator	Mark Sartors
City Clerk	Diane Monteleone
Community Development Director	Andrea Finkbiner
Court Clerk	Jan Fischer
Finance Director	Richard Snyder
Information Systems Manager	Leigh Dohack
Parks & Recreation Director	Thomas Diven
Project Manager	Dan Howard
Public Works – Operations Superintendent	Dale Oberhaus
St. Louis County Police – Precinct Captain	Jeff Bader



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Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Aldermen
City Of Fenton, 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 Fenton, 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 Fenton, Missouri'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 polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fenton, 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

Report on Summarized Comparative Information

The financial statements of City of Fenton, Missouri as of December 31, 2011, were audited by other auditors whose report dated June 13, 2012, expressed an unmodified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 20, budgetary comparison information on pages 52 through 53 and schedule of funding progress on page 55 be presented to supplement the basic financial statements. Such information, although not 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Fenton, Missouri's basic financial statements. The introductory section and additional supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional 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 additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013 on our consideration of the City of Fenton, Missouri's internal control over financial reporting and on 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 City of Fenton, Missouri's internal control over financial reporting and compliance.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
June 27, 2013

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

As management of the City of Fenton, we offer this narrative overview and analysis of the financial activities of the City of Fenton for the year ended December 31, 2012. We have prepared this discussion and analysis of the city's financial activities to add additional information to the basic financial statements presented in the next section of this report.

FINANCIAL HIGHLIGHTS

- As of December 31, 2012, the City's assets exceeded liabilities by approximately \$65.8 million. Included in this amount are approximately \$19.3 million of resources that are restricted to specific projects or purposes. The City has a deficit in unrestricted net assets of approximately \$6.0 million due to approximately \$17.3 million in TIF Bonds outstanding at year-end that were issued for economic development costs on property not owned by the City.
- Cash and investment balances as of December 31, 2012 were approximately \$21.4 million and current liabilities were approximately \$1.4 million. Federal and State laws restrict approximately \$13.2 million of the cash and investments on hand to the repayment of outstanding debt.
- Net assets increased by approximately \$9.4 million during fiscal year 2012.
- Fund balances, which are a measure of current financial resources in the governmental funds, decreased by approximately \$184,000 to an ending balance of \$28 million. \$881,706 is unassigned in governmental funds and is available for future appropriation by the Board of Aldermen. Per the financial policies of the City, \$2.6 million in fund balance is held in General Fund as committed for emergencies. These funds can only be used by official action of the Board of Alderman and only in the event of a natural disaster that would require readily available funds to recover from the natural disaster.
- Total fund balance in the General Fund was approximately \$3.6 million, or about 69% of 2012 operating expenditures. \$15,000 is non-spendable fund balance to be used to pay 2013 expenditures that were prepaid in December 2012, \$2.6 million is held for emergencies as noted above, and \$970,155 is unassigned.
- The city's gross outstanding debt was approximately \$25.3 million. Of this amount \$17.3 million is due on TIF bonds that are repayable only from sales tax revenues generated by the TIF District and are not a claim on general resources of the City of Fenton. Another \$8.0 million is due on Certificates of Participation issued to buy Fabick Nature Preserve (\$1.1 million), and to build RiverChase, remodel City Hall and make storm water improvements (\$6.9 million).

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Fenton's basic financial statements. The City of Fenton'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 other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide our readers with an overview of the City of Fenton's finances, in a manner similar to a private-sector business.

The Statement of Net Position - This statement presents information on all of the City's assets and liabilities, including long-term debt and capital assets as part of the governmental funds. The difference between assets and liabilities is reported as Net Position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the City of Fenton is improving or deteriorating.

The Statement of Activities - This statement presents information showing how the government's net position changed during the year. All changes in net position are reported as soon as transactions occur, regardless of when the related cash flows are reported. Therefore, some revenues and expenses included in this statement may reflect cash flows that will actually occur in future periods.

Government-wide statements are separated into two major categories: (1) governmental activities that are principally supported by taxes and intergovernmental revenues, and (2) business type activities that are supported mainly by user fees and charges. The City of Fenton has no business type activities and so the government-wide statements only reflect governmental activities. Governmental activities include such services as administration, finance, planning, economic development, municipal court, public works, human resources, city clerk, police and recreation.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific programs or activities. The City of Fenton, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations and contractual agreements that establish the authority for the city's programs and services. The City of Fenton has two types of funds: 1) governmental and 2) fiduciary.

Governmental funds - These funds are used to account for the City's basic services, which are the same services that are included in the governmental activities on the government-wide financial statements. However, the information contained in the fund statements is measured differently. Government funds focus on current financial resources rather than economic resources. Therefore, the statements for these types of funds only include short-term resources, such as cash, investments and receivables that will be collected within the first 60 days of 2013 and short-term liabilities that will be retired with these monies. This information is important for assessing the city's current financial resources.

Balance Sheet - This statement shows the assets, liabilities and fund equity of each of the major city funds.

Statement of Revenues, Expenditures, and Changes in Fund Balance - This statement shows the revenues and expenditures of each of the major city funds along with the impact annual operations had on fund balance.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each of the different statements. This report contains two reconciliations, one after each of the two fund statements, to explain the difference between the activity in governmental funds as presented in the fund statements and the governmental activities presented in the government-wide financial statements.

The City of Fenton used the following governmental funds during 2012:

1. General Fund
2. Storm Water/Parks Fund
3. Capital Projects Fund
4. Gravois Bluffs TIF Bonds Debt Service Fund
5. Fabick Debt Service Fund
6. Fenton Crossing TIF Bonds Debt Service Fund
7. RiverChase Debt Service Fund

The first five funds are considered major funds and are reported separately in the fund financial statements. The remaining two funds do not meet the normal criteria for a major fund, but are reported supplementary information and combined and reported as nonmajor funds in the basic financial statements.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

The City of Fenton adopts an annual budget for all governmental funds in accordance with Missouri Revised Statutes Section 67.010. The budget to actual comparisons are reported as required supplementary information and other supplementary information both of which follow the footnotes.

Fiduciary Funds - These funds are used to account for assets held by the City of Fenton in a trustee capacity or as a collection agent for others. The City of Fenton has one fiduciary fund - The Police Pension Trust Fund. The Police Pension Trust Fund accounts for the retirement accounts held for former Police Department employees that have not yet retired. All of the fiduciary activities of the city are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the government-wide financial statements because these assets cannot be used to finance city operations.

Notes to the Financial Statements

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Fenton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended December 31, 2012

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fenton, assets exceeded liabilities by approximately \$65.8 million at the end of fiscal year 2012.

The largest portion of the City of Fenton's net assets (\$52.6 million) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Fenton uses these capital assets to provide services to citizens; consequently, these assets are **not available** for future spending. It should be noted that the resources needed to repay this debt must be provided from current resources due to the fact that the investment in capital assets is reported net of related debt. The capital assets themselves cannot be used to liquidate these particular liabilities.

The following table summarizes the Statements of Net Assets:

	Governmental Activities	
	2012	2011
Current assets	\$ 28,940,024	\$ 30,885,863
Deferred charges - bond issue and refunding costs	713,302	844,660
Capital assets	60,279,373	60,425,761
Total Assets	<u>89,932,699</u>	<u>92,156,284</u>
Long-term debt outstanding (net of deferred charges)	22,554,986	32,476,165
Other liabilities	1,545,484	3,233,240
Total Liabilities	<u>24,100,470</u>	<u>35,709,405</u>
Net assets:		
Net investment in capital assets	52,572,136	53,706,613
Restricted	19,289,947	19,643,973
Unrestricted	(6,029,854)	(16,903,707)
Total Net Assets	<u>\$ 65,832,229</u>	<u>\$ 56,446,879</u>

Provisions of various laws, regulations and contractual agreements restrict approximately \$19.3 million of net assets for use solely on storm water or parks activities (\$1.9 million) or future debt service payments (\$17.4 million). \$52.6 million of net assets are invested in capital assets, net of related debt. This means that unrestricted net assets are a negative \$6.0 million because of \$17.3 million in outstanding TIF bonds that were issued providing resources for the Gravois Bluffs and Fenton Crossing shopping centers. This debt did not result in capital assets being provided to the City as a result of the investment.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

The next government-wide statement is the Statement of Activities. The following table outlines the major components of this statement:

	Governmental Activities - 2012	Governmental Activities - 2011	\$ Change	% Change
REVENUES				
Program Revenues:				
Charges For Services	\$ 2,333,427	\$ 2,378,715	\$ (45,288)	-1.90%
Capital Grants & Contributions	1,659,832	1,903,598	(243,766)	-12.81%
General Revenues:				
Sales Taxes	10,376,428	10,286,703	89,725	0.87%
Intergovernmental	4,528,664	5,063,800	(535,136)	-10.57%
Utility Taxes	1,378,381	1,404,202	(25,821)	-1.84%
Other Taxes	316,517	368,356	(51,839)	-14.07%
Investment Earnings	87,162	406,140	(318,978)	-78.54%
Other General Revenues	90,239	181,914	(91,675)	-50.39%
Total Revenues	20,770,650	21,993,428	(1,222,778)	-5.56%
PROGRAM EXPENSES				
Storm Water/ Parks	2,954,426	3,001,274	(46,848)	-1.56%
Interest Expense	1,651,751	2,095,320	(443,569)	-21.17%
Public Works	2,446,872	2,412,963	33,909	1.41%
Public Safety	2,350,244	2,346,288	3,956	0.17%
General Government	1,705,009	1,781,511	(76,502)	-4.29%
Community Development	276,998	323,199	(46,201)	-14.29%
Total Expenses	11,385,300	11,960,555	(575,255)	-4.81%
Increase In Net Assets	9,385,350	10,032,873	(647,523)	
Net Assets - Beginning of Year	56,446,879	46,414,006	10,032,873	
Net Assets - End of Year	\$ 65,832,229	\$ 56,446,879	\$ 9,385,350	

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

Some observations about 2012 revenues and expenditures compared to 2011:

- Total revenues were down by \$1,223,000 or 5.6%. Revenues changed as follows:
 - Utility taxes were down by \$26,000 (1.8%) due to a decrease in natural gas prices which reduced the billing amounts on which the tax is calculated.
 - Sales taxes increased by \$90,000 (.9%) as general economic conditions show some signs of improving.
 - Grants and contributions decreased by \$244,000 (13%) due to the timing of work completed on the construction of the Gravois Road Bridge project and the Old Highway 141/Fenton Creek Bridge project.
 - Intergovernmental revenues decreased by \$535,000 (10.6%) due to a decrease in TIF District property tax revenue.
 - Other taxes were down by \$52,000 (14.1%) because of a reduction in County road and bridge tax revenue.
 - Other general revenue decreased \$92,000 (50.4%) due to the 2011 refund from the St. Louis County Economic Council for grant matching funds.

- Program expenses were down by \$575,000 or 5.0%. This was due to the following items:
 - Interest expense decreased by \$444,000 (21.2%) due to early retirement of TIF debt during 2010, 2011 and 2012. This caused lower interest costs since fewer bonds were outstanding.
 - Storm Water/Parks expenditures decreased by \$47,000 (1.6%) because of:
 - \$17,500 from lower maintenance costs in the RiverChase Department. These costs include building cleaning and maintenance, mowing, landscaping, and pool maintenance.
 - \$16,200 decrease in planned building maintenance and repairs to RiverChase.
 - Public Works costs increased by \$34,000 (1.4%) due to:
 - A reduction in charges billed to other departments. A medical leave of absence reduced staff available for maintenance of buildings, therefore charges to other departments, could not be billed.
 - General Government expenditures decreased by \$77,000 (4.3%) due to:
 - A decrease of \$20,000 in legal fees.
 - A decrease of \$48,000 for staffing fees due to the 2011 vacancy in the Finance department.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The focus of the City of Fenton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fenton's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial information for the governmental funds is summarized in two statements: 1) The Balance Sheet and 2) The Statement of Revenues, Expenditures and Changes in Fund Balance. At the end of 2012, the City of Fenton's governmental funds reported combined ending fund balances of \$27.9 million. This was a decrease of \$184,000, however the fund balance for the General Fund and Storm water/Parks fund, increased by \$10,283 and \$188,765, respectively.

REVENUE ANALYSIS

Fund	2012	2011	\$ Change	% Change
General Fund	\$ 5,175,643	\$ 5,546,929	\$ (371,286)	-6.69%
Storm Water/Parks Fund	4,768,688	4,735,213	33,475	0.71%
Capital Projects Fund	1,666,017	1,903,632	(237,615)	-12.48%
Gravois Bluffs TIF Fund	8,110,876	8,609,528	(498,652)	-5.79%
Fabick Debt Service Fund	167	93	74	79.57%
Nonmajor Funds	1,049,259	1,198,829	(149,570)	-12.48%
Total Revenues	<u>\$ 20,770,650</u>	<u>\$ 21,994,224</u>	<u>\$ (1,223,574)</u>	<u>-5.89%</u>

Citywide revenues were \$20.8 million in 2012, a decrease of \$1,074,000 or 5.2%.

General Fund revenues decreased by \$371,286 or 6.7% mostly due to the recording of grants in the new Capital Projects Fund in 2011 instead of the General Fund in 2010. Other General Fund revenues that decreased were:

- Gross receipt taxes: down \$27,000 (0.2%) due to a decrease in natural gas prices which reduced the billing amounts on which the tax is calculated.
- County road and bridge tax: down by \$52,000 (7.9%).
- Motor Fuel tax: decreased by \$16,000 due to calculation based on new census data

Miscellaneous revenue in the General Fund decreased by \$92,500 or 49% due to a refund check in 2011, from the St. Louis County Economic Council.

Storm Water/Parks Fund revenues increased by \$33,000 or .7%:

- Sales tax increased as general economic conditions show some signs of improving.
- Decrease in investment income in 2012 compared to 2011.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

The Capital Projects Fund revenues decreased \$238,000 due to grant revenue from the capital projects reported in this fund.

EXPENDITURE ANALYSIS

Fund	2012 Expenditures	2011 Expenditures	\$ Change	% Change
General Fund	\$ 5,165,360	\$ 5,270,800	\$ (105,440)	-2.00%
Storm Water/Parks Fund	2,470,786	2,511,116	(40,330)	-1.61%
Capital Projects Fund	1,800,376	3,009,849	(1,209,473)	-40.18%
Gravois Bluffs TIF Fund	8,345,677	7,950,251	395,426	4.97%
Fabick Debt Service Fund	601,260	1,219,010	(617,750)	-50.68%
Nonmajor Funds	2,571,470	2,689,303	(117,833)	-4.38%
Total Expenditures	<u>\$ 20,954,929</u>	<u>\$ 22,650,329</u>	<u>\$ (1,695,400)</u>	<u>-8.09%</u>

Citywide expenditures were \$20.9 million, a decrease of \$1.7 million or 8% compared to 2011.

General Fund expenditures decreased by \$105,000 or 2.0% due to a continued effort to reduce costs including changing the phone service provider.

Storm Water/Parks Fund expenditures decreased by \$40,000 (1.6%) because of reduction in the RiverChase planned building and maintenance expenditures.

The Capital Projects Fund was created in 2011; all capital expenditures in 2012 were paid out of the Capital Projects Fund.

The major expenditures in the Capital Project Fund during 2012 were:

Gravois Road Bridge project	\$ 1,599,000
Old Highway 141/Fenton Creek Bridge project	55,000
Land Improvements	43,000
Old Towne Pavilion	122,000
Fabick Lake Dam	1,500
Court Computer	3,000
	<u>\$ 1,823,500</u>

Expenditures for the Gravois Bluffs TIF Fund increased by \$395,000 (5.0%) due to an increase in the amount of bonds redeemed early compared to the amount redeemed in 2011.

Expenditures for the Fabick Debt Service Fund decreased \$618,000 (50.1%) due to the refunding of the bonds in 2011.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

BUDGETARY HIGHLIGHTS

The fund financial statements for 2012 include information about both the original budget as adopted by the Board of Aldermen and the final budget as amended during the year. The Board of Aldermen amended the 2012 budget on two occasions for the following purposes:

1. Resolution 12-04 (approved August 23, 2012) amended the 2012 budget to correct revenue and expenditure estimates. The budget amendment also provided funding for the Old Towne pavilion project. This resolution increased revenues by \$314,000 and increased expenditures by \$90,000.
2. Resolution 13-04 (approved March 28, 2013) amended the 2012 budget to reflect adjustments to line item accounts within each department. The resolution did not increase total revenues or expenditures in the General Fund or in the Storm Water/Parks Fund. The COPS Debt – RiverChase Fund revenues were decreased by \$10,000. The COPS Debt – Fabick Fund revenues were increased by \$10,000 and the expenditures were decreased by \$1,740. The Gravois Bluffs TIF Funds' expenditures were increased by \$328,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of December 31, 2012, the City of Fenton's investment in capital assets was \$60.3 million (net of accumulated depreciation), a decrease of \$147,000. More detailed information on the City's capital assets is presented in Note E in the financial statements.

Asset Category	2012	2011	\$ Change	% Change
Land	\$ 15,541,115	\$ 15,541,115	\$ -	0.00%
Land improvements	913,280	941,814	(28,534)	-3.03%
Buildings	13,343,013	13,746,871	(403,858)	-2.94%
Building improvements	178,400	185,825	(7,425)	-4.00%
Machinery and equipment	295,110	346,439	(51,329)	-14.82%
Infrastructure	30,006,954	24,186,884	5,820,070	24.06%
Construction in progress	1,501	5,476,813	(5,475,312)	-99.97%
Total Net Assets	\$ 60,279,373	\$ 60,425,761	\$ (146,388)	-0.24%

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

At December 31, 2012, the total long-term debt of the City was \$25.3 million:

Debt Series	Governmental Activities	
	2012	2011
Gravois Bluffs TIF Refunding Bonds - Series 2006	\$ 14,690,000	\$ 22,135,000
Certificates of Participation	6,895,000	9,815,000
Fenton Crossing TIF Bonds - Series 2010	2,590,000	3,455,000
PFA Bonds - Series 2003	1,120,000	-
Total Outstanding Debt	25,295,000	35,405,000
Deferred Charges	(2,740,014)	(3,095,853)
Compensated Absences	121,001	167,018
Net Long Term Liabilities	\$ 22,675,987	\$ 32,476,165

State statutes limit the amount of general obligation bonds a governmental entity may issue to 10% of its total assessed value. Based on a 2012 assessed value of approximately \$356.0 million, the City of Fenton's legal debt limit is approximately \$35.6 million. None of the above listed debt is included in the calculation of the City's legal debt margin because none of the above debt is general obligation debt. All of the above debt is payable solely from specific revenue sources such as sales taxes.

Total debt outstanding decreased by \$10.1 million during 2012. More detailed information on the City's long-term debt is presented in Note G in the financial statements.

2013 BUDGET

General Fund

The 2013 budget, as adopted by the Board of Aldermen in January 2013, proposed revenues of \$5,290,310 and expenditures of \$5,142,830, with a projected operating surplus of \$147,480.

The 2013 budget calls for operating expenditures to decrease by \$176,550 or 1.2% from the prior year's budget. Expenditures are proposed to decrease as follows:

1. \$65,180 in savings from reducing costs in Administrative Services.
2. \$93,000 in savings from reducing costs in Public Works.
3. \$31,970 in savings from reducing costs in Community Development.

Police Services will increase by \$13,600.

The 2013 budget projects ending unassigned fund balance in the General Fund will increase by \$235,755.

CITY OF FENTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2012

Storm Water/Parks Fund

The 2013 budget proposes revenues in this fund to be \$4,829,430 while expenditures will be \$4,818,810, with a projected operating surplus of \$10,620.

The 2013 budget calls for total expenditures to increase by \$28,960 or .6% from the prior year's budget. Expenditures are proposed to decrease as follows:

1. \$120,710 in savings from reducing costs in RiverChase Operations.

Expenditures will increase as follows:

1. Additional \$79,030 in the Parks & Recreation Department.
2. Additional \$9,000 for the Storm Water Maintenance Department.
3. Additional \$23,250 for the RiverChase Building Maintenance Reserve.
4. \$38,390 for additional Debt Service Payments

The 2013 budget projects that fund balance will increase by \$10,620.

Capital Projects Fund

The 2013 budget proposes revenues in this fund to be \$24,750 while expenditures will be \$199,000, with a projected operating deficit of \$(174,250).

Expenditures in the Capital Projects Fund are budgeted to be greater than revenues due to the planned use of fund balance for one-time capital improvements.

The 2013 budget projects that fund balance will decrease by \$(174,250).

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Fenton's finances for those with an interest in the finances of the city. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Finance Director
City of Fenton, Missouri
625 New Smizer Mill Road
Fenton, Missouri 63026
Phone 636-343-2080 Ext. 1106

CITY OF FENTON, MISSOURI
STATEMENTS OF NET POSITION
December 31,

	Governmental activities	
	2012	2011
Assets		
Cash and investments	\$ 8,213,446	\$ 10,376,215
Taxes receivables:		
Property	4,591,388	4,693,015
Sales	1,877,349	2,061,848
Other	128,945	126,642
Other receivables	920,070	471,810
Interest receivable	9,522	16,917
Prepaid items	43,928	128,694
Restricted cash and investments	13,155,376	13,010,722
Deferred charges - bond issue costs	713,302	844,660
Capital assets net:		
Nondepreciable	15,542,616	21,017,927
Depreciable	44,736,757	39,407,834
Total assets	89,932,699	92,156,284
Liabilities		
Accounts payable and other current liabilities	763,122	2,497,354
Deposits	115,039	119,536
Accrued interest payable	293,823	406,322
Unearned revenue	187,204	210,028
Noncurrent liabilities:		
Due within one year	6,070,162	5,761,177
Due in more than one year	16,605,825	26,714,988
Due in more than one year - net LAGERS pension obligation	65,295	-
Total liabilities	24,100,470	35,709,405
Net position		
Net investment in capital assets	52,572,136	53,706,613
Restricted for:		
Storm water, parks and recreation	1,859,264	1,670,499
Debt service	17,430,683	17,973,474
Unrestricted	(6,029,854)	(16,903,707)
Total net position	\$ 65,832,229	\$ 56,446,879

The notes to the financial statements are an integral part of these statements.

CITY OF FENTON, MISSOURI
STATEMENTS OF ACTIVITIES
Years ended December 31,

Function/Program	Expenses	Program revenues		Net revenue (expense) and changes in net position	
		Charges for services	Capital grants and contributions	2012	2011
Primary government:					
Governmental activities					
General government	\$ 1,705,009	\$ 12,000	\$ 1,659,832	\$ (33,177)	\$ 134,087
Community development	276,998	66,709	-	(210,289)	(244,811)
Public safety	2,350,244	439,189	-	(1,911,055)	(1,887,718)
Public works	2,446,872	-	-	(2,446,872)	(2,412,963)
Storm water/parks and recreation	2,954,426	1,815,529	-	(1,138,897)	(1,171,517)
Debt service expenditures	1,651,751	-	-	(1,651,751)	(2,095,320)
Total governmental activities	\$ 11,385,300	\$ 2,333,427	\$ 1,659,832	(7,392,041)	(7,678,242)
General revenues:					
Sales taxes				10,376,428	10,286,703
Intergovernmental				4,528,664	5,063,800
Utility taxes				1,378,381	1,404,202
Other taxes				316,517	368,356
Investment earnings				87,162	406,140
Other general revenue				90,239	181,914
Total general revenues				16,777,391	17,711,115
Change in net position				9,385,350	10,032,873
Net position at beginning of year				56,446,879	46,414,006
Net position at end of year				\$ 65,832,229	\$ 56,446,879

The notes to the financial statements are an integral part of these statements.

CITY OF FENTON, MISSOURI
BALANCE SHEETS- GOVERNMENTAL FUNDS
December 31,

	General Fund	Storm Water/Parks Fund	Capital Projects Fund	Gravois Bluffs TIF Fund	Fabick Debt Service Fund	Nonmajor Funds	Total 2012	Total 2011
Assets								
Cash and investments	\$ 2,822,347	\$ 1,573,535	\$ 3,817,564	\$ -	\$ -	\$ -	\$ 8,213,446	\$ 10,376,215
Restricted cash and investments	13,475	-	-	10,298,597	806,878	2,036,426	13,155,376	13,010,722
Taxes receivable								
Sales	644,800	512,756	-	601,426	1	118,373	1,877,356	2,061,848
Property	149,095	-	-	4,012,408	-	429,885	4,591,388	4,693,015
Other	128,945	-	-	-	-	-	128,945	126,642
Other receivables	21,006	-	911,962	-	-	-	932,968	475,875
Interest receivable	2,401	449	-	5,964	15	693	9,522	16,917
Prepaid items	14,876	29,052	-	-	-	-	43,928	128,694
Total assets	\$ 3,796,945	\$ 2,115,792	\$ 4,729,526	\$ 14,918,395	\$ 806,894	\$ 2,585,377	\$ 28,952,929	\$ 30,889,928
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ 87,106	\$ 58,822	\$ 6,341	\$ -	\$ 584,410	\$ 1,750	\$ 738,429	\$ 2,455,619
Accrued payroll	27,653	9,938	-	-	-	-	37,591	45,800
Deposits payable	114,475	564	-	-	-	-	115,039	119,536
Deferred revenue	-	187,204	-	-	-	-	187,204	210,028
Total liabilities	229,234	256,528	6,341	-	584,410	1,750	1,078,263	2,830,983
Fund balances								
Nonspendable	14,876	29,052	-	-	-	-	43,928	128,694
Restricted								
Restricted for storm water and parks	-	1,830,212	-	-	-	-	1,830,212	1,625,759
Restricted for debt service	-	-	-	14,918,395	222,484	2,583,627	17,724,506	17,973,474
Committed								
Committed for capital projects	-	-	4,723,185	-	-	-	4,723,185	4,857,544
Committed for emergencies	2,582,680	-	-	-	-	-	2,582,680	2,635,000
Unassigned	970,155	-	-	-	-	-	970,155	838,474
Total fund balances	3,567,711	1,859,264	4,723,185	14,918,395	222,484	2,583,627	27,874,666	28,058,945
Total liabilities and fund balances	\$ 3,796,945	\$ 2,115,792	\$ 4,729,526	\$ 14,918,395	\$ 806,894	\$ 2,585,377	\$ 28,952,929	\$ 30,889,928

The notes to the financial statements are an integral part of these statements.

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

Total fund balance of governmental funds \$ 27,874,666

Amounts reported on the statement of net position differ because:

Capital assets used in governmental activities are not financial resources; therefore, the assets are not reported in the funds balance sheet. 60,279,373

Deferred charges for bond issue costs are not current financial resources; therefore, deferred charges are not reported in the funds balance sheet. These charges will be amortized as interest expense over the life of the bonds. 713,302

Compensated Absences are not due and payable in the current period; therefore, compensated absences are not reported as liabilities in the funds balance sheet. (121,008)

Certain long-term liabilities are not due and payable in the current period; therefore, these liabilities are not reported as liabilities in the funds balance sheet. Long-term liabilities at the end of the year consisted of:

Accrued interest payable	(293,823)
TIF bonds payable	(17,280,000)
Certificates of participation payable	(8,015,000)
Deferred amount of refunding	3,008,438
Unamortized premium	(268,424)
Net pension obligation	(65,295)

Net adjustments 37,957,563

Net position of governmental activities \$ 65,832,229

The notes to the financial statements are an integral part of this statement.

CITY OF FENTON, MISSOURI
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Years ended December 31,

	<u>General Fund</u>	<u>Storm Water/Parks Fund</u>	<u>Capital Projects Fund</u>	<u>Gravois Bluffs TIF Fund</u>	<u>Fabick Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total 2012</u>	<u>Total 2011</u>
Revenues								
Sales taxes	\$ 2,634,712	\$ 2,943,458	\$ -	\$ 4,009,652	\$ -	\$ 788,606	\$ 10,376,428	\$ 10,286,703
Intergovernmental	271,896	-	-	4,012,408	-	244,360	4,528,664	5,063,800
Utility taxes	1,333,897	-	-	35,655	-	8,829	1,378,381	1,404,202
Other taxes	316,517	-	-	-	-	-	316,517	368,356
Fines and court costs	439,189	-	-	-	-	-	439,189	458,570
Charges for services	78,709	1,815,529	-	-	-	-	1,894,238	1,920,145
Grants	-	-	1,659,832	-	-	-	1,659,832	1,903,598
Investment income	10,484	9,701	6,185	53,161	167	7,464	87,162	406,140
Miscellaneous	90,239	-	-	-	-	-	90,239	182,710
Total revenues	5,175,643	4,768,688	1,666,017	8,110,876	167	1,049,259	20,770,650	21,994,224
Expenditures								
Current expenditures								
Parks and recreation	-	2,470,786	-	-	-	-	2,470,786	2,511,116
Public safety	2,350,244	-	-	-	-	-	2,350,244	2,346,288
General governmental	1,446,070	-	-	-	-	-	1,446,070	1,587,376
Public works	1,129,131	-	-	-	-	-	1,129,131	1,133,020
Community development	239,915	-	-	-	-	-	239,915	286,116
Debt service								
Principal	-	-	-	7,445,000	565,000	2,100,000	10,110,000	9,805,000
Interest	-	-	-	895,973	33,700	465,243	1,394,916	1,888,236
Trustee fees and issuance costs	-	-	-	4,704	2,560	6,227	13,491	83,328
Capital expenditures	-	-	1,800,376	-	-	-	1,800,376	3,009,849
Total expenditures	5,165,360	2,470,786	1,800,376	8,345,677	601,260	2,571,470	20,954,929	22,650,329
Excess of revenues over (under) expenditures	10,283	2,297,902	(134,359)	(234,801)	(601,093)	(1,522,211)	(184,279)	(656,105)
Other financing sources (uses)								
Transfers in/(out)	-	(2,109,137)	-	-	601,259	1,507,878	-	-
Bond proceeds	-	-	-	-	-	-	-	2,225,000
Funds paid to escrow agent	-	-	-	-	-	-	-	(2,570,000)
Bond premium	-	-	-	-	-	-	-	14,321
Sale of assets	-	-	-	-	-	-	-	2,925
Total other financing sources (uses)	-	(2,109,137)	-	-	601,259	1,507,878	-	(327,754)
Net change in fund balance	10,283	188,765	(134,359)	(234,801)	166	(14,333)	(184,279)	(983,859)
Fund balance at beginning of year	3,557,428	1,670,499	4,857,544	15,153,196	222,318	2,597,960	28,058,945	29,042,804
Fund balance at end of year	<u>\$ 3,567,711</u>	<u>\$ 1,859,264</u>	<u>\$ 4,723,185</u>	<u>\$ 14,918,395</u>	<u>\$ 222,484</u>	<u>\$ 2,583,627</u>	<u>\$ 27,874,666</u>	<u>\$ 28,058,945</u>

The notes to the financial statements are an integral part of these statements.

CITY OF FENTON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2012

Net changes in fund balances of governmental funds \$ (184,279)

Amounts reported for governmental activities in the statement of activities differ because:

Capital outlays are reported in governmental funds as expenditures; however, on the statement of activities, the cost of these assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which depreciation costs (\$1,946,765) were more than capital outlay costs (\$1,800,377) during the year. (146,388)

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 as follows:

Accrued compensated absences	46,016
Accrued interest on long-term debt	112,495
Amortization of issuance cost and bond premium	(487,199)
Net pension obligation	(65,295)

The repayment of debt consumes the current financial resources of governmental funds, however, it has no effect on net assets. The net effect of these transactions is:

Bond principal payments	8,310,000
Certificates of participation principal payments	<u>1,800,000</u>

Net adjustments 9,569,629

Changes in net position of governmental activities **\$ 9,385,350**

CITY OF FENTON, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND
December 31, 2012

Assets

Deposits held with trustees

\$ 18,757

Net Position

Held in trust for police pension benefits

\$ 18,757

The notes to the financial statements are an integral part of this statement.

CITY OF FENTON, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND
Year ended December 31, 2012

Additions	
Investment Earnings	\$ 727
Deductions	
Administrative fees	<u>260</u>
Changes in net position	467
Net assets at beginning of year	<u>18,290</u>
Net assets at end of year	<u><u>\$ 18,757</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The City of Fenton, Missouri (the "City") was incorporated as a town within St. Louis County, Missouri on December 28, 1874. In April 1959, the residents voted to approve the town becoming a fourth-class city as provided by the Missouri state statutes. The City operates under a Mayor and Board of Aldermen form of government, which consists of the Mayor and eight Aldermen. The City's major operations include street maintenance and improvements, parks and recreation activities and general administrative services. St. Louis County provides police protection on a contract basis.

The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Statement No. 14, as amended by No. 39, have been considered and the City has one component unit as noted below.

The City of Fenton, Missouri Public Facilities Authority ("Authority") is included in the financial statements of the City as a blended component unit. Criteria for including an entity as a blended component unit includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, the Authority has been determined to be a component unit of the City. Its purpose is to act on behalf of the City in its acquisition, construction, improvement, extension, repair, remodeling and financing of capital improvement projects. The financial information of the Authority has been incorporated into the City's financial statements using the blending method. Under the blending method, transactions of a component unit are presented as if they were executed directly by the primary government.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange 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 for 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 the 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.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column. The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those that are required to be accounted for in another fund.

The Storm Water/Parks Fund is a special revenue fund and accounts for the resources accumulated for the operations and capital needs of the City's parks and storm water systems. This fund also supplies the financial resources accumulated to make the debt service payments on the certificates of participation issued by the City. The major funding source for this fund is a one-half percent sales tax that is restricted by law to only be used for parks operations or storm water improvements.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Basis of Presentation – Continued

The Capital Projects Fund is used to account for resources accumulated for the purchase of capital items.

The Gravois Bluffs TIF Fund accounts for the resources accumulated for the payment of principal and interest on the TIF bonds that were issued for the Gravois Bluffs Shopping Center project.

The Fabick Debt Service Fund accounts for the resources accumulated for the payment of principle and interest on the certificates of participation that were issued for the purchase of the Fabick property.

Additionally, the City reports the following fiduciary fund:

Police Pension Trust Fund - This fund is used to account for a deposit administration contract with the Equitable Life Assurance Society of the United States. The value of the assets and changes therein have been reported at an amount that represents contributions to the plan plus investment income credited less benefit and termination payments and administration charges.

4. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period, except for property taxes which are considered to be available if received within 120 days. Material amounts of property taxes paid under protest are generally remitted to the City by St. Louis County in April or May subsequent to the year of the tax levy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Measurement Focus and Basis of Accounting – Continued

Sales taxes, franchise taxes, property taxes, intergovernmental revenues, and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first and unrestricted resources only as needed.

4. Deposits and Investments

The City's investment policies conform to Missouri Statute 30.260 that authorize the deposit of funds in banks and trust companies or investment in United States Treasury bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations.

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

The City maintains a cash and investment pool that is available for use by all funds. Investment income earned is allocated to contributing funds based on each fund's proportionate share of invested funds.

5. Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are reported as prepaid items in both the government-wide and fund financial statements.

6. Restricted Assets

Restricted assets consist of cash and investment that are legally restricted as to their use and include resources set aside for the repayment of debt and bonds received from defendants in Municipal Court pending a hearing before the Municipal Court judge.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Capital Assets

Capital assets include land and improvements, buildings and building improvements, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items). The City defines capital assets as assets with initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are reported at cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend its useful life are not capitalized.

Capital assets depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 50
Land improvements	10 - 35
Machinery and equipment	4 - 20
Infrastructure	7 - 50

8. Compensated Absences

As of May 1, 2010, City policy was changed to eliminate vacation and sick leave and replace them with paid time off (PTO). PTO expires at the end of the fiscal year and cannot be carried over from year-to-year.

Unused vacation time was frozen at the balance in an employee's account on April 30, 2010. The employee may use this time or be paid for the balance in the account upon termination from employment. The amount to be paid at termination was frozen at the rate of pay in effect on April 30, 2010. Thus, there will be no increase in the dollar value of the unused vacation time. The liability for unused vacation time as of December 31, 2012 has been recorded as a liability in the government-wide financial statements.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. Compensated Absences – Continued

Unused sick leave was also frozen at the balance that existed on April 30, 2010. An employee may use the balance in their sick leave account or be paid for part of the unused sick leave upon termination of employment with the City. An employee who has completed five years of service as of April 30, 2010 will be paid for one-half of their unused sick leave, up to a maximum of 480 hours. The rate of pay was frozen at the employee's rate as of April 30, 2010 so the value of future payouts will not increase. Accordingly, one-half of the accrued leave for employees with five or more years of continuous service as of April 30, 2010 has been recorded as a liability in the government-wide financial statements.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as any bond issue costs, are deferred and amortized over the life of the bonds using the effective interest 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 issue costs, during the current period. The face amount of debt issued, and any related premium, is reported as other financing sources while discounts on debt issuances are reported as other financing uses. In addition, payments made to an escrow agent for advance refunding of bonds are reported as other financing uses. Bond issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Balance

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.

Non-spendable fund balance represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Both the General Fund and the Storm Water/Parks Fund report prepaid items as non-spendable fund balance.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Fund Balance – Continued

Restricted fund balance represents amounts that are restricted to being spent only for specific purposes because of constraints placed on the use of these resources from one of two sources: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through enabling legislation. The Storm Water/Parks Fund reports restricted fund balance because the main revenue source for this fund is a one-half percent sales tax. The legislation that enabled this tax restricted the use of the money to parks or storm water purposes. The Gravois Bluff TIF Fund and other debt service funds report restricted fund balance as all fund balance for these funds can only be used for the retirement of debt in accordance with bond covenants.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. As of December 31, 2012, the City reported the following items as committed fund balance:

Per Section 100 of the Financial Policies Manual, which was adopted on March 20, 2006 with Ordinance #2791, 50% of annual expenditures will be kept in committed fund balance to be used only in case of a natural disaster that would require cash flow to be used during recovery from the natural disaster. All amounts above this 50% amount are to be kept in unassigned fund balance and used as directed by the Board through a budget amendment resolution. As of December 31 General Fund committed fund balance for emergency use was \$2,582,680.

Committed Fund balance in the Capital Projects Fund has a balance of \$4,723,185. This represents the amount designated by the Board to be used for capital projects.

Assigned fund balance represents amounts that the City intends to use for specific purposes, but are neither restricted nor committed. As of the end of 2012, the City did not have any assigned fund balances.

Unassigned fund balance is the residual classification of fund balance for the General Fund only. As of December 31, 2012 this account had a balance of \$970,155.

When an expenditure is incurrent 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.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. Net Position

In the government-wide financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

12. Deferred Revenue

Deferred Revenue consists of receipts from RiverChase customers for 2013 classes and memberships.

13. 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.

NOTE B - CASH AND INVESTMENTS

Missouri state law governs the deposit and investment limitations of the City. As allowed under state law, the City’s written investment policy authorizes the following type of investments:

- a. United States Treasury securities for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- b. United States Government agency obligations, including:
 - U.S. Government discount notes purchased at a discount with maximum maturities of 10 years.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE B - CASH AND INVESTMENTS - Continued

- U.S. Government agency callable securities with maximum maturities of 10 years.
- c. Repurchase agreements with commercial banks or government securities dealers. The purchaser in a repurchase agreement enters into a contractual agreement to purchase U.S. Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices.
- d. Certificates of Deposit issued by financial institutions, which state that specified sums have been deposited for specified periods of time, for specified rates of interest. The Certificates of deposit are required to be backed by acceptable collateral securities as dictated by state statute.
- e. Insured money market accounts that are collateralized by acceptable collateral as dictated by state statute.
- f. Bank acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation and that do not exceed 90 days in length.
- g. Governmental mutual funds that invest solely in government backed securities and that have an average short-term investment horizon of less than one year. Investment in such funds cannot exceed 25% of the total investment portfolio.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE B - CASH AND INVESTMENTS – Continued

The deposits and investments held at December 31, 2012 are as follows:

Deposits:	
Demand deposits	\$ 5,060,687
Cash on hand	3,550
Nonnegotiable certificates of deposit	<u>6,572,302</u>
	11,636,539
Investments:	
Money market funds	8,346,700
Federal National Mortgage Association (FNMA)	<u>1,385,583</u>
	<u>9,732,283</u>
Total deposits and investments	<u><u>\$ 21,368,822</u></u>
Reconciliation to the financial statements:	
Statement of net position	
Cash and investments	\$ 8,213,446
Restricted cash and investments	<u>13,155,376</u>
Total deposits and investments per the statement of net position	<u><u>\$ 21,368,822</u></u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, City deposits may not be returned. Per state law and the City investment policy, all demand deposits or certificates of deposit must be collateralized by government securities for all amounts in excess of the FDIC insurance limit. As of December 31, 2012, all City deposits were either insured or collateralized.

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or the collateral securities that are in the possession of the outside party. The City's policy to minimize credit risk is to pre-qualify the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business. The City's investments were not exposed to custodial credit risk this year.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE B - CASH AND INVESTMENTS – Continued

Investment Interest Rate Risk - As of December 31, 2012 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3 Yrs</u>	<u>3 to 8 Yrs</u>	<u>Over 8 Yrs</u>
Government and agency securities	\$ 1,385,583	\$ 1,385,583	\$ -	\$ -
Money market funds	8,346,700	8,346,700	-	-
Totals	<u>\$ 9,732,283</u>	<u>\$ 9,732,283</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage	100.00%	100.00%	0.00%	0.00%

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturities of operating fund investments in the portfolio as follows:

<u>Maturity</u>	<u>Minimum</u>	<u>Maximum</u>
One to Three Years	25.00%	100.00%
Four to Seven Years	0.00%	50.00%
More Than Eight Years	0.00%	25.00%

Investment Credit Risk - As documented on previous pages, City investment policy and state law limit its investment choices. At December 31, 2012, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government were rated as follows:

<u>Investment type</u>	<u>Credit rating</u>	<u>Amount</u>
Government agency securities	AA	\$ 1,385,583

Concentration of Credit Risk - Concentration of credit risk is required to be disclosed by the City for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE B - CASH AND INVESTMENTS – Continued

The City places no limits on the amount it may invest in any one issuer; however, it is the City's policy to diversify the portfolio so that potential losses on individual securities will be minimized. At December 31, 2012, the City had the following investments that were more than 5% of the City's total investments:

<u>Investment</u>	<u>Amount</u>	<u>Percent</u>
Federal National Mortgage Assoc.	\$ 1,385,583	14.24%

NOTE C – PROPERTY TAXES

The City's property tax is levied each September based on the assessed value listed by St. Louis County as of the prior January 1 for all real and personal property located in the City. As of January 1 of each year, property taxes attach as an enforceable lien. The City has historically voluntarily reduced the property tax rate to zero. Therefore, there are no outstanding taxes receivable levied by the City as of December 31, 2012, other than those incremental taxes assessed on properties within the Gravois Bluffs and Fenton Crossing tax increment financing districts.

NOTE D – INSURANCE PROGRAMS

The City, along with various other local municipal governments, participates in an insurance trust - the St. Louis Area Insurance Trust (SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities. SLAIT requires an annual premium payment and prorated expenses to cover the estimated costs of claims and establish reserves for claims from each participant in SLAIT. The members of SLAIT have no legal interest in the assets, liabilities or fund balances of the insurance trust. However, the City has a contingent liability to fund its pro-rata share of any deficit incurred by SLAIT, should SLAIT cease operations at some future date. SLAIT has contracted with The Daniel and Henry Company to handle all administrative matters, including processing of claims filed. Within the last three years, settled claims have not exceeded the City's commercial coverage.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 15,541,115	\$ -	\$ -	\$ 15,541,115
Construction in progress	5,476,813	1,698,210	7,173,522	1,501
Total capital assets not being depreciated	21,017,928	1,698,210	7,173,522	15,542,616
Capital assets being depreciated:				
Land improvements	2,561,581	51,534	-	2,613,115
Buildings	21,509,414	121,985	-	21,631,399
Building improvements	259,444	-	-	259,444
Machinery and equipment	1,833,172	8,514	8,795	1,832,891
Infrastructure	48,271,875	7,093,655	-	55,365,530
Total capital assets being depreciated	74,435,486	7,275,688	8,795	81,702,379
Less-Accumulated depreciation for:				
Land improvements	1,619,767	80,068	-	1,699,835
Buildings	7,762,543	525,843	-	8,288,386
Building improvements	73,619	7,425	-	81,044
Machinery and equipment	1,486,733	59,843	8,795	1,537,781
Infrastructure	24,084,991	1,273,585	-	25,358,576
Total accumulated depreciation	35,027,653	1,946,764	8,795	36,965,622
Total capital assets being depreciated, net	39,407,833	5,328,924	-	44,736,757
Governmental activities Capital assets, net	<u>\$ 60,425,761</u>	<u>\$ 7,027,134</u>	<u>\$ 7,173,522</u>	<u>\$ 60,279,373</u>

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE E – CAPITAL ASSETS – Continued

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

<u>Function</u>	
General government	\$ 62,284
Community development	37,083
Public works	1,363,757
Parks and recreation	<u>483,640</u>
	<u>\$ 1,946,764</u>

NOTE F – CONSTRUCTION COMMITMENTS

As of December 31, 2012, the City had the following construction commitments:

<u>Company</u>	<u>Purpose</u>	<u>Approved Amount</u>	<u>Paid to Date</u>	<u>Balance</u>
Pace Construction	Build Gravois Road Bridge	\$ 4,847,209	\$ 4,818,876	\$ 28,333

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE G – LONG-TERM DEBT

As of December 31, 2012, the City has the following outstanding long-term liabilities:

Name	Balance at January 1, 2012	Additions	Retirements	Balance at December 31, 2012	Due within one year
Gravois Bluffs TIF - series 2006	\$ 22,135,000	\$ -	\$ 7,445,000	\$ 14,690,000	\$ 3,500,000
Fenton Crossing TIF - series 2010	3,455,000	-	865,000	2,590,000	940,000
Total – TIF debt	<u>25,590,000</u>	<u>-</u>	<u>8,310,000</u>	<u>17,280,000</u>	<u>4,440,000</u>
Certificates of participation	9,815,000	-	1,800,000	8,015,000	1,865,000
Total – other debt	<u>9,815,000</u>	<u>-</u>	<u>1,800,000</u>	<u>8,015,000</u>	<u>1,865,000</u>
Unamortized premium (net)	302,121	-	33,697	268,424	33,697
Deferred amount on refunding	(3,397,974)	-	(389,536)	(3,008,438)	(389,536)
Compensated absences	167,018	-	46,017	121,001	121,001
Total – other liabilities	<u>(2,928,835)</u>	<u>-</u>	<u>(309,822)</u>	<u>(2,619,013)</u>	<u>(234,838)</u>
Total long-term liabilities	<u>\$ 32,476,165</u>	<u>\$ -</u>	<u>\$ 9,800,178</u>	<u>\$ 22,675,987</u>	<u>\$ 6,070,162</u>

State statutes limit the amount of general obligation bonds a governmental entity may issue to 10% of its total assessed value. Based on a 2012 assessed value of \$356,047,790, the City's legal debt limit is \$35,604,779. None of the above listed debt is included in the calculation of the City's legal debt margin because none of the above debt is considered general obligation debt.

Tax Increment Financing (TIF) Bonds

The City has issued five series of TIF bonds. These bonds provided funds for infrastructure improvements for the Gravois Bluffs and Fenton Crossing shopping centers. The bonds are secured by a pledge of 50% of the sales tax revenues generated by the two shopping centers and incremental property taxes generated. They do not constitute a general obligation of the City. In addition, a Transportation Development District (TDD) has been formed for each shopping center and the sales tax revenues generated by the two districts are also pledged to repayment of these bonds.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE G – LONG-TERM DEBT - Continued

Fenton Crossing TIF Fund

Series 2000 Bonds - On November 1, 2000, the City issued \$10,205,000 of serial and term bonds (Dierberg's Fenton Crossing Project) with principal repayment beginning October 1, 2003. Final maturity of the serial bonds was scheduled for October 1, 2011; and the term bonds would be due on October 1, 2015 and October 1, 2021. These bonds carried interest rates ranging from 5.375% to 7.25% with interest payments due on April 1 and October 1. The term bonds due in 2015 and 2021 were subject to early redemption.

Series 2010 Bonds - On October 1, 2010, the City issued \$4,395,000 in TIF revenue refunding bonds in order to take advantage of lower interest rates and refund the series 2000 Fenton Crossing Bonds. The refunding bonds carry an interest rate of 4.75%.

Gravois Bluffs TIF Fund

Series 2001 Bonds - On March 1, 2001, the City issued \$39,610,000 of serial and term bonds with principal repayment beginning October 1, 2003 to pay for public improvements contained in the first phase of the Gravois Bluffs Shopping Center. These bonds carried interest rates from 4.85% to 6.20% with a final scheduled payment date of October 1, 2021.

Series 2002 Bonds - On October 1, 2002, the City issued \$19,035,000 of term bonds with maturities of October 1, 2012 and October 1, 2021 to pay for the completion of the Gravois Bluffs Shopping Center improvements. These bonds carried interest rates ranging from 5.00% to 6.125%.

Series 2006 Bonds - On April 13, 2006, the City issued \$48,635,000 in TIF revenue refunding bonds in order to advance refund both the series 2001 and Series 2002 Gravois Bluffs TIF bonds and to remove restrictive covenants contained in the Series 2001 and 2002 bonds. The refunding bonds have interest rates ranging from 4% to 5% with a final payment date of April 1, 2021.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE G – LONG-TERM DEBT - Continued

Annual debt service requirements to maturity on all current outstanding TIF bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 4,440,000	\$ 723,098	\$ 5,163,098
2014	4,785,000	496,899	5,281,899
2015	4,720,000	257,106	4,977,106
2016	3,235,000	77,288	3,312,288
2017	100,000	2,250	102,250
Totals	<u>\$ 17,280,000</u>	<u>\$ 1,556,641</u>	<u>\$ 18,836,641</u>

Certificates of Participation

On July 1, 1997, the City issued \$19,765,000 of Certificates of Participation to be used for construction of the recreational complex known as RiverChase, making improvements to the City Hall building and storm water improvements within the City. On December 1, 2004, the City issued \$13,170,000 in refunding Certificates of Participation to defease those 1997 bonds due on and after September 1, 2008.

The 2004 Refunding Certificates have interest rates ranging from 1.95% to 4.10% with interest due on March 1 and September 1 of each year. Final maturity of the Certificates is on September 1, 2017. The outstanding balance at December 31, 2012 was \$6,895,000.

On March 24, 2011 the Board approved the issuance of \$2,225,000 in Refunding Certificates of Participation in order to refund the Series 2003 Public Facilities Authority Refunding bonds that were issued to refund the bonds issued to purchase the Fabick Property. The Series 2003 bonds carried interest rates ranging from 1.2% to 4.35% with a final payment scheduled for January 1, 2016. The Series 2011 Refunding Certificates of Participation carry interest at a rate of 2.0% and will be retired on January 1, 2015 or one year earlier than the Series 2003 bonds. The outstanding balance at December 31, 2012 was \$1,120,000.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE G – LONG-TERM DEBT - Continued

Annual debt service requirements to maturity on the certificates are as follows:

<u>Year Ending December 31;</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,865,000	\$ 290,518	\$ 2,155,518
2014	1,860,000	232,097	2,092,097
2015	1,375,000	171,710	1,546,710
2016	1,430,000	118,085	1,548,085
2017	<u>1,485,000</u>	<u>60,885</u>	<u>1,545,885</u>
Totals	<u>\$ 8,015,000</u>	<u>\$ 873,295</u>	<u>\$ 8,888,295</u>

NOTE H – PENSION PLAN

A. General City Employee Pension Plan

1. Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, Section RSMo 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. This plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to: LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE H – PENSION PLAN - Continued

2. Funding Status

The City's full-time employees do not contribute to LAGERS. The City is required to contribute at an actuarially determined rate. The rate for 2012 was 9.4% for general employees and 9.6% for police employees based on annual covered payroll. Since police services are contracted for with the St. Louis County Police Department, the City has no current LAGERS liability for police employees. The Board of the City determines the contribution requirements of plan members. The contribution provisions of the City are established by state statute.

3. Annual Pension Cost

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

Annual required contribution	\$ 174,706
Interest on net pension obligation	3,931
Adjustment to annual required contribution	<u>(2,991)</u>
Annual pension cost	175,646
Actual contributions	<u>164,573</u>
Increase in net pension obligation	11,073
Net pension obligation at beginning of year	<u>54,222</u>
Net pension obligation at end of year	<u>\$ 65,295</u>

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE H – PENSION PLAN - Continued

3. Annual Pension Cost – Continued

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 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 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2011 was 30 years for the General division and 30 years for the Police division. A schedule of funding progress is included later in this report as required supplementary information.

Three-Year Trend Information

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 163,521	86.6%	\$ 21,912
2011	190,004	83.0	54,222
2012	175,646	93.7	65,295

As of February 29, 2012, the most recent actuarial valuation date, the plan was 98% funded. The actuarial accrued liability for benefits was \$5,321,632 and the actuarial value of assets was \$5,445,345, resulting in an overfunded accrued liability of \$123,713. The covered payroll (annual payroll of active employees covered by the plan) was \$1,843,295.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

NOTE H – PENSION PLAN – Continued

B. Police Department Pension Plan

The City has a defined contribution retirement plan funded through the Equitable Life Assurance Society of the United States (Equitable). The plan was established by resolution of the Board on August 18, 1980. Due to discontinuance of local police salaries, no contributions were made for 2012.

Formerly, full-time employees of the Police Department were eligible to participate in the plan. Pursuant to the plan's provisions, the City was obligated to contribute 4% of each eligible employee's covered wages. Employees did not contribute to the plan contributions were fully vested after four years of continuous service. Distribution of vested plan benefits begins after the employee attains the normal retirement age of 55 or separates from service.

NOTE I – INTERFUND TRANSACTIONS

The following transfers were made during the year ended December 31, 2012:

	<u>Transfer In</u>	<u>Transfer Out</u>
Storm Water/Parks Fund	\$ -	\$ 2,109,137
RiverChase Debt Service Fund	1,507,878	-
Fabick Debt Service Fund	601,259	-

The City transferred resources from the Storm Water/Parks Fund to the RiverChase Debt Service Fund and Fabick Debt Service Fund to provide for debt service payments.

NOTE J – RESTRICTED COMPONENTS OF NET POSITION

The government-wide statement of net position reports \$19,289,947 of restricted net position, of which \$1,859,264 is restricted by enabling legislation.

CITY OF FENTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2012

NOTE K – CONCENTRATIONS

A. Police Services

The City contracts with the St. Louis County Police Department for police services. For the year ended December 31, 2012, the City paid a total of \$2,358,030 for such services. The contract was renewed during 2010 for a five-year period ending on December 31, 2015.

B. Economic Dependency

The City estimates that one retail business has generated retail sales tax revenues greater than 10 percent of the City's total retail sales tax revenue.

NOTE L – CONTINGENCIES

As of December 31, 2012, the City is involved with several legal proceedings. The City's management, based upon consultation with outside legal counsel, believes that these matters will be resolved with no material adverse effect to the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FENTON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 2,614,000	\$ 2,631,800	\$ 2,634,712	\$ 2,912	\$ 2,576,662
Intergovernmental	324,000	309,000	271,896	(37,104)	292,551
Utility taxes	1,472,630	1,429,770	1,333,897	(95,873)	1,360,747
Other taxes	427,000	427,000	316,517	(110,483)	368,356
Fines and court costs	427,200	429,550	439,189	9,639	458,570
Charges for services	-	-	78,709	78,709	90,388
Investment income	13,200	13,100	10,484	(2,616)	216,945
Miscellaneous	158,000	156,500	90,239	(66,261)	182,710
Total revenues	5,436,030	5,396,720	5,175,643	(221,077)	5,546,929
Current expenditures					
Current					
Public safety	2,350,300	2,350,300	2,350,244	56	2,346,288
General government	1,546,210	1,536,030	1,446,070	89,960	1,505,376
Public works	1,204,000	1,183,500	1,129,131	54,369	1,133,020
Community development	301,580	249,550	239,915	9,635	286,116
Total expenditures	5,402,090	5,319,380	5,165,360	154,020	5,270,800
Excess of revenues over/ (under) expenditures	33,940	77,340	10,283	(67,057)	276,129
Other financing sources (uses)					
Transfers in/(out)	-	-	-	-	(5,944,710)
Sale of assets	-	-	-	-	2,925
Total other financing uses	-	-	-	-	(5,941,785)
Net change in fund balance	33,940	77,340	10,283	(67,057)	(5,665,656)
Fund balance at beginning of year	3,557,428	3,557,428	3,557,428	-	9,223,084
Fund balance at end of year	<u>\$ 3,591,368</u>	<u>\$ 3,634,768</u>	<u>\$ 3,567,711</u>	<u>\$ (67,057)</u>	<u>\$ 3,557,428</u>

The notes to the required supplementary information are an integral part of these schedules.

CITY OF FENTON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
STORM WATER/PARKS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
STORM WATER/PARKS FUND - UNAUDITED
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 2,934,000	\$ 2,934,000	\$ 2,943,458	\$ 9,458	\$ 2,882,539
Charges for service					
RiverChase	1,555,580	1,555,580	1,478,824	(76,756)	1,478,143
Parks and recreation fees	388,020	385,520	336,705	(48,815)	351,614
Investment income	8,000	8,000	9,701	1,701	22,917
Total Revenues	4,885,600	4,883,100	4,768,688	(114,412)	4,735,213
Expenditures					
Current					
RiverChase	1,941,130	1,958,800	1,798,780	160,020	1,819,978
Parks and recreation	663,210	646,040	625,249	20,791	602,645
Storm water maintenance	54,000	54,000	30,007	23,993	55,522
Building maintenance	2,000	16,750	16,750	-	32,971
Total expenditures	2,660,340	2,675,590	2,470,786	204,804	2,511,116
Excess of revenues over/ (under) expenditures	2,225,260	2,207,510	2,297,902	90,392	2,224,097
Other financing sources (uses)					
Transfers in/(out)	(2,120,000)	(2,120,000)	(2,109,137)	10,863	(4,657,840)
Net change in fund balance	105,260	87,510	188,765	101,255	(2,433,743)
Fund balance at beginning of year	1,670,499	1,670,499	1,670,499	-	4,104,242
Fund balance at end of year	<u>\$ 1,775,759</u>	<u>\$ 1,758,009</u>	<u>\$ 1,859,264</u>	<u>\$ 101,255</u>	<u>\$ 1,670,499</u>

The notes to the required supplementary information are an integral part of these schedules.

CITY OF FENTON, MISSOURI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2012

I. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at the end of each year.

Department heads prepare the appropriated budget by fund, function and department. Department heads are responsible for keeping expenditures within the confines of the total department budget although individual line items may exceed budget so long as the total appropriations for the department are not exceeded. The legal level of budgetary control is at the department level.

**CITY OF FENTON, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 EMPLOYEE PENSION PLAN**

Actuarial Valuation Date	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
2/28/2010	\$ 4,678,407	\$ 4,754,780	\$ 76,373	98%	\$ 1,980,283	4%
2/28/2011	5,289,805	5,398,614	108,809	98	1,972,001	6
2/29/2012	5,445,345	5,321,632	(123,713)	102	1,843,295	

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City, Missouri or call 1-800-447-4334.

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF FENTON, MISSOURI
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Grants	\$ 2,128,000	\$ 2,484,200	\$ 1,659,832	\$ (824,368)	\$ 1,903,598
Investment income	-	-	6,185	6,185	34
Total revenues	2,128,000	2,484,200	1,666,017	(818,183)	1,903,632
Expenditures					
Capital expenditures	3,777,500	3,935,000	1,800,376	2,134,624	3,009,849
Excess of revenues over (under) expenditures	(1,649,500)	(1,450,800)	(134,359)	1,316,441	(1,106,217)
Other financing sources					
Transfers in	-	-	-	-	5,963,761
Net change in fund balance	(1,649,500)	(1,450,800)	(134,359)	1,316,441	4,857,544
Fund balance at beginning of year	4,857,544	4,857,544	4,857,544	-	-
Fund balance at end of year	<u>\$ 3,208,044</u>	<u>\$ 3,406,744</u>	<u>\$ 4,723,185</u>	<u>\$ 1,316,441</u>	<u>\$ 4,857,544</u>

CITY OF FENTON, MISSOURI
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GRAVOIS BLUFFS TIF FUNDS
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 4,244,000	\$ 4,244,000	\$ 4,009,652	\$ (234,348)	\$ 4,063,740
Intergovernmental	3,733,000	3,733,000	4,012,408	279,408	4,382,970
Utility tax	35,000	35,000	35,655	655	34,800
Investment income	86,000	86,000	53,161	(32,839)	128,018
Total revenues	8,098,000	8,098,000	8,110,876	12,876	8,609,528
Expenditures					
Current					
Administrative costs	80,000	80,000	-	80,000	82,000
Debt service					
Principal	6,876,000	7,445,000	7,445,000	-	6,645,000
Interest	1,132,000	895,980	895,973	7	1,218,548
Trustee fees and issuance costs	10,000	4,710	4,704	6	4,703
Total expenditures	8,098,000	8,425,690	8,345,677	80,013	7,950,251
Net change in fund balance	-	(327,690)	(234,801)	92,889	659,277
Fund balance at beginning of year	15,153,196	15,153,196	15,153,196	-	14,493,919
Fund balance at end of year	<u>\$ 15,153,196</u>	<u>\$ 14,825,506</u>	<u>\$ 14,918,395</u>	<u>\$ 92,889</u>	<u>\$ 15,153,196</u>

CITY OF FENTON, MISSOURI

ADDITIONAL SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -

FENTON CROSSING TIF FUND

Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 781,000	\$ 781,000	\$ 788,606	\$ 7,606	\$ 763,762
Intergovernmental	370,000	370,000	244,360	(125,640)	388,279
Utility tax	9,000	9,000	8,829	(171)	8,655
Investment income	-	-	2,212	2,212	1,410
Total revenues	1,160,000	1,160,000	1,044,007	(115,993)	1,162,106
Expenditures					
Debt service					
Principal	991,000	991,000	865,000	126,000	940,000
Interest	162,000	162,000	153,900	8,100	194,394
Trustee fees and issuance costs	7,000	7,000	2,717	4,283	5,034
Total expenditures	1,160,000	1,160,000	1,021,617	138,383	1,139,428
Net change in fund balance	-	-	22,390	22,390	22,678
Fund balance at beginning of year	1,244,237	1,244,237	1,244,237	-	1,221,559
Fund balance at end of year	<u>\$ 1,244,237</u>	<u>\$ 1,244,237</u>	<u>\$ 1,266,627</u>	<u>\$ 22,390</u>	<u>\$ 1,244,237</u>

CITY OF FENTON, MISSOURI
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
RIVERCHASE DEBT SERVICE FUND
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Investment income	\$ 30,000	\$ 30,000	\$ 5,252	\$ (24,748)	\$ 36,723
Expenditures					
Debt service					
Principal	1,235,000	1,235,000	1,235,000	-	1,195,000
Interest	311,400	311,400	311,343	57	351,375
Trustee fees and issuance costs	6,600	6,600	3,510	3,090	3,500
Total expenditures	1,553,000	1,553,000	1,549,853	3,147	1,549,875
Excess of revenues under expenditures	(1,523,000)	(1,523,000)	(1,544,601)	(21,601)	(1,513,152)
Other financing sources (uses)					
Transfers in/(out)	1,523,000	1,513,000	1,507,878	(5,122)	2,866,875
Net change in fund balance	-	(10,000)	(36,723)	(26,723)	1,353,723
Fund balance at beginning of year	1,353,723	1,353,723	1,353,723	-	-
Fund balance at end of year	<u>\$ 1,353,723</u>	<u>\$ 1,343,723</u>	<u>\$ 1,317,000</u>	<u>\$ (26,723)</u>	<u>\$ 1,353,723</u>

CITY OF FENTON, MISSOURI
ADDITIONAL SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
FABICK DEBT SERVICE FUND
Years ended December 31,

	2012			Variance with final budget positive (negative)	2011
	Original budget	Final budget	Actual		Actual
Revenues					
Investment income	\$ 3,000	\$ 3,000	\$ 167	\$ (2,833)	\$ 93
Expenditures					
Debt service					
Principal	565,000	565,000	565,000	-	1,025,000
Interest	34,000	34,000	33,700	300	123,919
Trustee fees and issuance costs	7,000	5,260	2,560	2,700	70,091
Total expenditures	606,000	604,260	601,260	3,000	1,219,010
Excess of revenues under expenditures	(603,000)	(601,260)	(601,093)	167	(1,218,917)
Other financing sources (uses)					
Transfers in/(out)	591,260	601,260	601,259	(1)	1,771,914
Bond proceeds	-	-	-	-	2,225,000
Funds paid to escrow agent	-	-	-	-	(2,570,000)
Bond premium	-	-	-	-	14,321
Total other financing sources (uses)	591,260	601,260	601,259	(1)	1,441,235
Net change in fund balance	(11,740)	-	166	166	222,318
Fund balance at beginning of year	222,318	222,318	222,318	-	-
Fund balance at end of year	\$ 210,578	\$ 222,318	\$ 222,484	\$ 166	\$ 222,318

CITY OF FENTON, MISSOURI
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	RiverChase Debt Service Fund	Fenton Crossing TIF Fund	Total Nonmajor Funds
Assets			
Restricted cash and investments	\$ 1,318,750	\$ 717,676	\$ 2,036,426
Taxes receivable			
Sales	-	118,373	118,373
Property	-	429,885	429,885
Interest receivable	-	693	693
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,318,750</u>	<u>\$ 1,266,627</u>	<u>\$ 2,585,377</u>
Liabilities and fund balance			
Accounts payable	\$ 1,750	\$ -	\$ 1,750
Fund balance			
Restricted for debt service	<u>1,317,000</u>	<u>1,266,627</u>	<u>2,583,627</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,318,750</u>	<u>\$ 1,266,627</u>	<u>\$ 2,585,377</u>

CITY OF FENTON, MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	<u>RiverChase Debt Service Fund</u>	<u>Fenton Crossing TIF Fund</u>	<u>Total Nonmajor Funds</u>
Revenues			
Sales taxes	\$ -	\$ 788,606	\$ 788,606
Intergovernmental	-	244,360	244,360
Utility taxes	-	8,829	8,829
Investment income	5,252	2,212	7,464
Total revenues	<u>5,252</u>	<u>1,044,007</u>	<u>1,049,259</u>
Expenditures			
Debt service			
Principal	1,235,000	865,000	2,100,000
Interest	311,343	153,900	465,243
Trustee fees and issuance costs	3,510	2,717	6,227
Total expenditures	<u>1,549,853</u>	<u>1,021,617</u>	<u>2,571,470</u>
Excess of revenues over/(under) expenditures	(1,544,601)	22,390	(1,522,211)
Other financing sources (uses)			
Transfers in/(out)	1,507,878	-	1,507,878
Net change in fund balance	(36,723)	22,390	(14,333)
Fund balance at beginning of year	<u>1,353,723</u>	<u>1,244,237</u>	<u>2,597,960</u>
Fund balance at end of year	<u>\$ 1,317,000</u>	<u>\$ 1,266,627</u>	<u>\$ 2,583,627</u>