

CITY OF FENTON, MISSOURI

Annual Financial Report

For the fiscal year ended

December 31, 2008

Prepared By The Finance Department  
Art DeWitt, CPFO  
Finance Director

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Letter of Transmittal	1
Principal Elected and Appointed Officials	4

## FINANCIAL SECTION

Independent Auditors' Report	5
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-Wide Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	24
Storm Water/Parks Fund	25
Statement of Fiduciary Net Assets	
Police Pension Trust Fund	26
Statement of Changes in Fiduciary Net Assets	
Police Pension Trust Fund	27
Notes to the Basic Financial Statements	28
Required Supplementary Information	
Schedule of Funding Progress – Employee Pension Plan	48
Additional Supplementary Information	
Budgetary Comparison	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Gravois Bluffs TIF Fund	49
Fenton Crossing TIF Fund	50

# INTRODUCTORY SECTION



**FENTON**  
CITY OF PARKS  
625 New Smizer Mill Road  
Fenton, Missouri 63026-3597  
Phone: 636-343-2080  
Fax: 636-343-1183

April 29, 2009

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, 2008.

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.

Botz, Deal and Company, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Fenton’s financial statements for the year ended December 31, 2008. 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 4,300 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, yard waste and bulk pickups, curbside recycling and street lighting. The City also pays \$10 per month towards each resident's sewer bill. These combined services save the homeowner an average \$700 per year.

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 developed over 350 acres, which include soccer fields, ball diamonds, sand volleyball courts, basketball courts, tennis courts, playgrounds, fishing ponds and over eight miles of bike/pedestrian paths. In addition, the City is developing plans for the Fabick Nature Preserve (located in the heart of Fenton) to include nature trails and passive recreational uses.

### 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. No gross receipts taxes on utilities are 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. All business 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) 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 is 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 93.8% in 2006 and 2007, but dropped to 82% in 2008. The industrial base in Fenton declined during 2008 because of the closure of the Chrysler South Assembly Plant and the reduction of the North Plant to one shift. As a result of this closure, two companies whose main business was supplying parts to Chrysler also closed their Fenton operations.

Fenton's diverse housing base is relatively new with most of the 1,400 plus homes having been built within the last 20 years.

As a result of redevelopment efforts undertaken over the past 10 years, Fenton is home to Fenton Crossing and Gravois Bluffs shopping centers. As of December 31, the two centers together total 1,565,000 square feet of retail space.

## Long-Term Planning

Unreserved, undesignated fund balance in the General Fund was approximately \$2,659,000 at the end of 2008, which represents 50% of year 2008 operating expenditures. This is in keeping with the fund balance policy adopted by the Board in 2003 wherein 50% of annual operating expenditures are to be kept for emergency uses. Any money above this 50% level is placed into the capital reserve account to be used for capital projects as designated by the Board.

Reserved fund balance in the Storm Water/Parks Fund was approximately \$4,053,000:

- \$2,521,000 is held in reserve for debt service payments on the Fabick Property bonds and the RiverChase notes.
- \$1,494,000 is held in the emergency reserve account, which is 50% of 2008 operating expenditures.
- \$38,000 is held in reserve for 2009 prepaid items.

The balances in the capital reserve accounts were as follows:

- \$5,569,000 in the General Fund.
- \$457,000 in the Storm Water/Parks Fund

## Acknowledgements

The preparation of this report 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 document. 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 in reviewing all financial reports to ensure that all policies are being carried out.

Respectfully submitted,

Mark Sartors  
City Administrator

Arthur H. DeWitt CPFO  
Finance Director

City of Fenton, Missouri  
Principal Elected and Appointed Officials  
As of December 31, 2008

---

ELECTED OFFICIALS

TITLE	NAME
Mayor	Dennis Hancock
Alderman – Ward 1	Michael Polizzi Kevin Yarbrough
Alderman – Ward 2	Joe Maurath Steve Jackson
Alderman – Ward 3	Tim Trego Chris Clauss
Alderman – Ward 4	Lisa Horn James Mauller
City Collector	Sharon Moss

APPOINTED OFFICIALS

TITLE	NAME
City Attorney	Jerome Wallach
Municipal Court Judge	Charles Billings
Prosecuting Attorney	Stan Wallach
City Administrator	Mark Sartors
City Clerk	Diane Monteleone
Community Development Director	Gary Crabtree
Court Clerk	Jan Fischer
Finance Director	Arthur DeWitt
Human Resources Manager	Janet Skelton
Information Systems Manager	Leigh Dohack
Parks & Recreation Director	Nancy Battersby
Project Manager	Dan Howard
Public Works – Operations Superintendent	Dale Oberhaus
St. Louis County Police – Precinct Captain	Jack Webb

# FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members  
of the Board of Aldermen  
**CITY OF FENTON, MISSOURI**

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 June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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 June 30, 2008, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and schedule of funding progress on pages 7 through 17 and 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 the budgetary comparison listed as

TWO WESTBURY DRIVE  
ST. CHARLES, MO 63301  
(636) 946-2800  
FAX (636) 946-2975  
botzdeal@botzdeal.com

supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, and accordingly, we express no opinion on them.

Botz, Deal & Company

April 29, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

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, 2008. 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, 2008, the city's assets exceeded liabilities by approximately \$17,772,000. Included in this amount is approximately \$19,242,000 of resources that are restricted by law to specific projects or purposes. The city has a deficit in unrestricted net assets of approximately \$32,435,000 due to \$46,565,000 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, 2008 were approximately \$24,480,000 and current liabilities were approximately \$1,463,000. Federal and State laws restrict approximately \$14,708,000 of the cash and investments on hand to the repayment of outstanding debt.
- Net assets increased by approximately \$6,761,000 during fiscal year 2008. A \$6,615,000 decrease in outstanding long-term debt was the major reason for the increase.
- Fund balances, which are a measure of current financial resources in the governmental funds, increased by approximately \$1,655,000 to an ending balance of approximately \$29,264,000. Approximately \$2,659,000 is unreserved in governmental funds and is available for future appropriation by the Board of Aldermen.
- The General Fund fund balance was approximately \$9,232,000, or about 154% of 2008 operating expenditures. Approximately \$5,569,000 of this balance has been designated by the Board of Aldermen for use on future capital projects; while another \$87,000 is shown as designated for 2009 budget items prepaid in 2008. Another \$477,000 is designated for 2008 projects not completed by year-end and will be carried over to the 2009 budget. \$440,000 has been designated for use in the 2009 budget to lessen the impact of expected revenue losses from the closure of the South Chrysler Plant and the downturn in the economy, which will impact sales tax receipts. The General Fund unreserved, undesignated fund balance was therefore approximately \$2,659,000.
- The city's gross outstanding debt was \$62,175,000. Of this amount \$46,565,000 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. \$4,000,000 is due on the PFA Bonds issued to buy Fabick Nature Preserve. \$11,610,000 is due on Certificates of Participation used to build RiverChase, remodel City Hall and make storm water improvements. Net long-term liabilities were approximately \$58,170,000. Net long-term liabilities take into account \$4,182,000 in deferred charges on bonds that will be amortized over the remaining life of the bonds as well as \$177,000 in compensated absences outstanding at year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

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 Assets* 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 Assets*. Over time, increases or decrease in net assets may serve as a useful indicator of whether the financial position of the City of Fenton is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the year. All changes in net assets 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.

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* 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, these statements only include short-term resources, such as cash, investments and receivables that will be collected within the first 120 days of 2009 and short-term liabilities that will be retired with these monies. This information is important for assessing the city's current financial resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

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 the two statements. A reconciliation is presented after each of the two fund statements to explain the difference between the *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 2008:

1. General Fund
2. Storm Water/Parks Fund
3. Gravois Bluffs TIF Bonds Debt Service Fund
4. Fenton Crossing TIF Bonds Debt Service Fund

These four funds are considered major funds and are reported separately in the fund financial statements. The Fenton Crossing TIF Fund does not meet the normal criteria for a major fund, but the City considers it important enough to the financial statements to be considered major.

The City of Fenton adopts an annual budget for all governmental funds in accordance with Missouri Revised Statutes Section 67.010. The fund financial statements include budget to actual comparisons for the General Fund and the Parks/Storm Water Fund as part of the basic financial statements.

*Fiduciary 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 - (1) The Police Pension Fund. The Police Pension 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* 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.

Immediately after the required supplementary information are presented budget to actual comparisons for the Gravois Bluffs TIF Fund and the Fenton Crossing TIF Fund. These schedules are considered as *additional supplemental information* not subject to audit review.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

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 \$17,772,000 at the end of fiscal year 2008.

The largest portion of the City of Fenton's net assets (60%) 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 Statement of Net Assets:

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current assets	\$ 29,936,689	\$ 28,265,157
Deferred charges - bond issue and refunding costs	892,445	971,779
Capital assets	46,575,660	47,714,379
Total Assets	<u>\$ 77,404,794</u>	<u>\$ 76,951,315</u>
Long-term debt outstanding (net of deferred charges)	\$ 58,170,098	\$ 64,419,612
Other liabilities	1,462,585	1,520,949
Total Liabilities	<u>59,632,683</u>	<u>65,940,561</u>
Net assets:		
Invested in capital assets, net of related debt	30,965,660	30,544,379
Restricted	19,241,716	18,425,530
Unrestricted	(32,435,265)	(37,959,155)
Total Net Assets	<u>\$ 17,772,111</u>	<u>\$ 11,010,754</u>

Provisions of various laws, regulations and contractual agreements restrict approximately \$19,242,000 of net assets for use solely on storm water or parks activities (approximately \$2,125,000), capital projects (approximately \$31,000) or future debt service payments (approximately \$17,086,000). Another \$30,966,000 of net assets is invested in capital assets, net of related debt. This means that unrestricted net assets are a *negative* \$32,435,000 because of \$46,565,000 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.

Net assets increased by \$6,761,000 during 2008 as a result of debt service payments made during 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

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

	Governmental Activities - 2008	Governmental Activities - 2007	\$ Change	% Change
<b>REVENUES</b>				
Program Revenues:				
Charges For Services	\$ 2,439,057	\$ 2,539,100	\$ (100,043)	(4)%
Capital Grants & Contributions	95,092	66,316	28,776	43
General Revenues:				
Sales Taxes	10,884,112	11,397,017	(512,905)	(5)
Gross Receipts Tax	2,447,355	1,997,616	449,739	23
Intergovernmental	3,986,372	3,538,443	447,929	13
Investment Earnings	823,062	1,193,037	(369,975)	(31)
Other General Revenues	93,568	164,299	(70,731)	(43)
Total Revenues	<u>20,768,618</u>	<u>20,895,828</u>	<u>(127,210)</u>	<u>(1)%</u>
<b>PROGRAM EXPENSES</b>				
General Government	1,876,044	1,899,658	(23,614)	(1)%
Community Development	340,395	326,694	13,701	4
Storm Water/ Parks	3,515,743	3,447,141	68,602	2
Police Services	2,230,176	2,157,407	72,769	3
Public Works	2,598,546	2,562,548	35,998	1
Debt Service Expenditures	3,446,357	3,708,970	(262,613)	(7)
Total Expenses	<u>14,007,261</u>	<u>14,102,418</u>	<u>(95,157)</u>	<u>(1)%</u>
Excess (deficiency) Before Transfers and Special Items	6,761,357	6,793,410	(32,053)	
Insurance Proceeds		21,151	(21,151)	
Special Item - Loss on Land Transfer		(2,878,954)	2,878,954	
Increase In Net Assets	<u>6,761,357</u>	<u>3,935,607</u>	<u>2,825,750</u>	
Net Assets - Beginning of Year	<u>11,010,754</u>	<u>7,075,147</u>	<u>3,935,607</u>	
Net Assets - End of Year	<u>\$ 17,772,111</u>	<u>\$ 11,010,754</u>	<u>\$ 6,761,357</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

Some observations about 2008 revenues and program expenses compared to 2007:

- Total revenues were down by \$127,000 or 1%. Revenues changed as follows:
  - Gross receipt taxes were up by \$450,000 because of \$457,000 in one-time revenues received from wireless telephone providers in settlement of a lawsuit filed over the collection of back taxes.
  - Intergovernmental revenues increased by \$447,000 due to increase in property tax revenues received by the Gravois Bluffs TIF area. New construction on the west side of the Bluffs increased property values as of January 1, 2008.
  - Grants and contributions increased by \$29,000 due to a \$66,000 grant received for the construction of a new play structure at RiverChase.
  - Sales tax revenues decreased by \$513,000. This decrease reflects the negative impacts that the recession had on consumer spending during 2008.
  - Investment earnings decreased by \$370,000 due to the sharp drop in interest rates that occurred in 2008. At the end of 2008, the Fed Funds rate had dropped below 0.25%.
  - Program revenues were down by \$100,000 due to a decrease in memberships at RiverChase. This also reflects the impact from the 2008 recession and the reduced consumer spending that occurred because of the recession.
- Program expenses were down by \$95,000 or 1%. This was due to the following items:
  - Storm water/parks expenditures increased by \$69,000 as follows:
    - Public Works charges increased by \$21,000 based on merit increases, benefit increases and more supplies being utilized throughout the year.
    - Minor equipment costs at RiverChase increased by \$20,000 due to the purchase of fitness equipment that was below the \$5,000 capitalization threshold.
    - Telephone costs for RiverChase increased by \$12,000 due to charging RiverChase for its portion of the telephone system costs for the first time in 2008. In prior years the costs for the telephone were absorbed by the General Fund budget.
    - The Midwest Pool management contract increased by \$10,000 during 2008.
    - RiverChase postage costs increased by \$6,000.
  - Police service costs in the General Fund increased by \$73,000 per the terms of the contract with St Louis County wherein such costs may increase by up to 5% per year.
  - Public Works costs increased by \$36,000 due to \$238,000 in flood remediation costs from the March 2008 flood.
  - Debt service costs decreased by \$263,000 due to lower interest costs because of early retirement of TIF debt.

#### 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, *unreserved 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. As of December 31, 2008, the City of Fenton's governmental funds reported combined ending fund balances of approximately \$29,264,000. This was an increase of approximately \$1,655,00, with approximately \$914,000 of that increase being in the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

While ending fund balance in the General Fund increased by approximately \$914,000, compared to the budgeted fund balance General Fund was approximately \$3,007,000 above budget expectations. Approximately \$2,343,000 of this was due to capital projects that finished under budget or were carried over to the 2009 fiscal year. In terms of operating performance, operating revenues in General Fund exceeded budget expectations by approximately \$193,000; operating expenditures were approximately \$473,000 under budgeted amounts.

As a result of the above budget performance, the balance of \$5,569,000 in the capital reserve account at the end of 2008 is approximately \$738,000 above the amount that was projected during development of the 2009 budget. These funds will be available at the 2009 mid-year budget review for appropriation by the Board of Aldermen.

The Storm Water/Parks Fund capital reserve balance was \$457,000, which was \$395,000 above the amount projected during the development of the 2009 budget. This increase was due to the operating deficit for this fund being less than was projected during the development of the 2009 budget. These funds will also be available for appropriation by the Board of Aldermen during the 2009 mid-year budget review process.

REVENUE ANALYSIS

Fund	2007 Revenues	2008 Revenues	\$ Change	% Change
General Fund	\$ 6,737,025	\$ 6,889,315	\$ 152,290	2%
Storm Water/Parks Fund	5,561,464	5,241,428	(320,036)	(6)
Gravois Bluffs TIF Fund	7,199,651	7,254,591	54,940	1
Fenton Crossing TIF Fund	1,364,722	1,362,323	(2,399)	
Olde Towne Improvement Fund	23,459	803	(22,656)	(97)
<b>Total Revenues</b>	<b>\$ 20,886,321</b>	<b>\$ 20,748,460</b>	<b>\$ (137,861)</b>	<b>(1)%</b>

Citywide revenues were \$20,748,000 in 2008, a decrease of \$138,000 or 1%.

General Fund revenues increased by \$152,000 or 2% as follows:

- Gross receipts taxes increased by \$402,000 due to settlement of the lawsuit against wireless telephone carriers and receipt of back taxes due per the terms of the settlement.
- Municipal Court receipts increased by \$46,000, in part because of new procedures installed by the new Judge and the new Court Clerk. These procedures streamlined the processing of tickets and have led to fewer cases being continued.
- Sales taxes decreased by \$132,000 due to the 2008 recession impacts on consumer spending.
- Investment earnings decreased by \$83,000 due to the decrease in interest rates that saw the Fed Funds rate drop down to almost zero.
- Grant revenues decreased by \$36,000 due to capital grants received in 2007 that were not received in 2008.
- Planning fees decreased by \$23,000 due to a lower level of construction activity at the Gravois Bluffs Shopping Center.
- Rental property receipts decreased by \$12,000 due to the termination of the lease with the Wildlife Center for the rental of the building at 900 Gregory.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

- Accounting fees decreased by \$10,000 due to the fact that both the 2006 and 2007 administrative fees for the Chrysler bond issue were received in 2007, while only one fee was received in 2008.

Storm Water/Parks Fund revenues decreased by \$320,000 or 6%:

- Sales taxes decreased by \$173,000 due to the impact of the 2008 recession on consumer spending.
- Memberships at RiverChase decreased by \$108,000 due to the impacts of the recession.
- Recreation fees decreased by \$27,000 due to impact of the March 2008 flood. This rendered the main softball fields unusable for a month and a half, which caused the loss of fees for softball games and field rentals as well as the loss of concession stand sales.
- Program revenues increased by \$12,000 due to increased marketing efforts, which led to higher enrollment in many classes.

The Gravois Bluffs TIF Fund saw increased revenues because of increased property values from new stores that were built during 2007 and early 2008.

EXPENDITURE ANALYSIS

Fund	2007 Expenditures	2008 Expenditures	\$ Change	% Change
General Fund	\$ 5,603,126	\$ 5,996,755	\$ 393,629	7%
Storm Water/Parks Fund	5,231,694	5,335,698	104,004	2
Gravois Bluffs TIF Fund	6,302,375	6,284,715	(17,660)	
Fenton Crossing TIF Fund	1,286,317	1,351,342	65,025	5
Olde Towne Improvement Fund	1,723,168	145,565	(1,577,603)	(92)
<b>Total Expenditures</b>	<b>\$ 20,146,680</b>	<b>\$ 19,114,075</b>	<b>\$ (1,032,605)</b>	<b>(5)%</b>

Citywide expenditures were \$19,114,000, a decrease of \$1,032,000 or 5% compared to 2007 expenditures.

General Fund expenditures increased by \$394,000 or 7% due to \$407,000 spent on flood remediation to clean up after the March 2008 flood.

Storm Water/Parks Fund expenditures increased by \$104,000 due to \$36,000 spent on flood remediation and \$110,000 spent on new capital projects.

Expenditures for the Old Towne Improvement Fund decreased because construction of the Summit Road Project was almost completed during 2008. There remains a balance in the account of only \$31,000, which was expended in January 2009 to complete the project.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

**BUDGETARY HIGHLIGHTS**

The fund financial statements for 2008 include information about both the original budget as adopted by the Board of Aldermen and the final budget as amended during the year. During 2008, the Board amended the budget on three occasions for the following purposes:

1. To appropriate money for capital projects originally included in the 2007 budget that would not be completed until 2008. Resolution 08-01 increased citywide budgeted expenditures by \$375,600.
2. To adjust the budget at mid-year to update estimates based on the results of operations for the first six months of 2008. Resolution 08-08 increased budgeted citywide revenues by \$177,200 while increasing budgeted expenditures by \$357,200.
3. To adjust the final year-end budget to account for unplanned expenditures and revenues. Resolution 09-01 increased citywide budgeted revenues by \$435,000 and increased citywide budgeted expenditures by \$435,000.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As of December 31, 2008, the City of Fenton's investment in capital assets was approximately \$46,576,000 (net of accumulated depreciation), a decrease of \$1,139,000 or 2.4%. This decrease is due to \$1,896,000 in annual depreciation expense.

City of Fenton, Missouri					
Capital Assets (Net of Depreciation)					
	Governmental Activities				
	2008	2007	\$ Change	% Change	
Land	\$ 13,100,099	\$ 13,100,099	\$ -		
Land improvements	1,109,288	1,123,339	(14,051)	(1.3)%	
Buildings	15,343,860	15,914,299	(570,439)	(3.6)	
Building improvements	209,659	145,925	63,734	43.7	
Machinery and equipment	517,600	464,485	53,115	11.4	
Infrastructure	14,779,024	15,704,641	(925,617)	(5.9)	
Construction in progress	1,516,130	1,261,591	254,539	20.2	
Total Net Assets	\$ 46,575,660	\$ 47,714,379	\$ (1,138,719)	(2.4)%	

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED**

At December 31, 2008, the total long-term debt of the city was \$62,175,000:

Debt Series	Governmental Activities	
	2008	2007
Fenton Crossing TIF Bonds - Series 2000	\$ 6,265,000	\$ 7,085,000
Gravois Bluffs TIF Refunding Bonds - Series 2006	40,300,000	44,535,000
PFA Bonds - Series 2003	4,000,000	4,460,000
Certificates of Participation - Refunding Series 2003	11,610,000	12,710,000
Total Outstanding Debt	<u>\$ 62,175,000</u>	<u>\$ 68,790,000</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 2008 assessed value of approximately \$398,347,000, the City of Fenton's legal debt limit is \$39,835,000. 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 \$6,615,000 during 2008.

Name	Balance 01/01/08	Additions	Retirements	Balance 12/31/2008
Gravois Bluffs TIF - Series 2006	\$ 44,535,000	\$ -	\$ 4,235,000	\$ 40,300,000
Fenton Crossing TIF - Series 2000	7,085,000		820,000	6,265,000
TOTAL - TIF DEBT	<u>51,620,000</u>		<u>5,055,000</u>	<u>46,565,000</u>
PFA Bonds - Series 2003	4,460,000		460,000	4,000,000
Certificates of Participation - Series 2004	12,710,000		1,100,000	11,610,000
TOTAL - OTHER DEBT	<u>17,170,000</u>		<u>1,560,000</u>	<u>15,610,000</u>
TOTAL - ALL DEBT	<u>\$ 68,790,000</u>	<u>\$ -</u>	<u>\$ 6,615,000</u>	<u>\$ 62,175,000</u>

During 2008, \$1,895,000 worth of Series 2006 TIF Bonds and \$575,000 worth of Series 2000 TIF bonds were called early. To date, total bonds redeemed early amount to \$3,830,000 for the Series 2006 TIF bonds and \$3,040,000 for the Series 2000 TIF bonds. The super sinker schedule for the Series 2006 bonds projected that, by the end of 2008, \$3,120,000 worth of bonds would be redeemed early, which means that an additional \$710,000 worth of bonds has been redeemed compared to original projections. If revenues continue at the current pace, then all of the Series 2006 bonds should be redeemed by April 2015 as projected in the original super sinker schedule. Projections for the Series 2000 bonds reflect that current revenues will retire the bonds by the end of 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008 – UNAUDITED

---

2009 BUDGET

General Fund

The 2009 budget, as approved in December 2008, designated the following amounts from the General Fund Capital Account be used for the reasons as listed:

1. \$440,000 is to be used to offset the revenue shortfalls projected in the 2009 budget. These shortfalls are projected to result from the closure of the South Chrysler Plant and a projected decrease in sales tax receipts based on the current recession.
2. \$2,093,000 is to be used for one-time capital projects within the next two fiscal years.
3. \$440,000 is to be held in reserve for the possibility that revenues will not recover in 2010 and so will require the use of reserves to balance the operating budget.

This leaves approximately \$3,036,000 in the General Fund Capital Reserve Account for future capital projects.

The 2009 budget projects ending unreserved, undesignated fund balance in General Fund will be approximately \$2,995,000.

Storm Water/Parks Fund

The 2009 budget designated \$187,600 from the Storm Water/Parks Fund Capital Reserve Account to be used for capital projects over the next two years. This leaves approximately \$451,000 in the Storm Water/Parks Capital Reserve Account for future capital projects.

The 2009 budget projects ending fund balance reserved for Storm Water/Parks operations will be approximately \$1,456,000.

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:

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

# BASIC FINANCIAL STATEMENTS

CITY OF FENTON, MISSOURI

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 9,771,869
Receivables	2,129,028
Prepaid items	125,164
Restricted assets	
Cash and investments	14,708,302
Receivables	3,202,326
Deferred charges - bond issue costs	892,445
Capital assets not subject to depreciation	
Land	13,100,099
Construction in progress	1,516,130
Capital assets - net of accumulated depreciation	
Land improvements	1,109,288
Buildings	15,343,860
Building improvements	209,659
Machinery and equipment	517,600
Infrastructure	14,779,024
<b>TOTAL ASSETS</b>	<u><u>\$ 77,404,794</u></u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	\$ 252,234
Deposits	208,190
Accrued interest payable	789,777
Unearned revenue	212,384
Non-current liabilities:	
Due within one year	7,014,283
Due in more than one year	51,155,815
<b>TOTAL LIABILITIES</b>	<u><u>59,632,683</u></u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	30,965,660
Net assets restricted for:	
Storm water/parks and recreation	2,125,081
Debt service	17,085,752
Capital projects	30,883
Unrestricted	(32,435,265)
<b>TOTAL NET ASSETS</b>	<u><u>\$ 17,772,111</u></u>

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

CITY OF FENTON, MISSOURI  
Statement of Activities  
For The Year Ended December 31, 2008

<b>Functions/Programs</b>	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 1,876,044	\$ 65,854	\$ -	\$ 20,000	\$ (1,790,190)
Community Development	340,395	47,970	-	-	(292,425)
Public Safety	2,230,176	436,477	-	-	(1,793,699)
Public Works	2,598,546	-	-	-	(2,598,546)
Storm Water/Parks and Recreation	3,515,743	1,888,756	10,000	65,092	(1,551,895)
Debt Service Expenditures	3,446,357	-	-	-	(3,446,357)
Total Governmental Activities	<u>\$ 14,007,261</u>	<u>\$ 2,439,057</u>	<u>\$ 10,000</u>	<u>\$ 85,092</u>	<u>(11,473,112)</u>
General Revenues:					
					23,603
					10,884,112
					2,447,355
					3,986,372
					823,062
					69,965
					<u>18,234,469</u>
					6,761,357
					<u>11,010,754</u>
					<u>\$ 17,772,111</u>

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

CITY OF FENTON, MISSOURI

Balance Sheet  
Governmental Funds  
As of December 31, 2008

	General Fund	Storm Water/Parks Fund	Gravois Bluffs TIF Fund	Fenton Crossing TIF Fund	Non Major Funds	Total Governmental Funds
<b>ASSETS AND OTHER DEBITS</b>						
Cash and investments	\$ 8,034,971	\$ 1,736,898	\$ -	\$ -	\$ -	\$ 9,771,869
Cash and investments - restricted	18,295	2,507,127	10,796,891	1,355,106	30,883	14,708,302
Accrued interest	93,720	40,030	36,098	20,722	-	190,570
Accounts receivable						
Sales taxes	719,789	605,937	814,603	180,450	-	2,320,779
Road & bridge taxes/property taxes	288,564	-	1,799,275	351,178	-	2,439,017
Gross receipts taxes	166,064	-	-	-	-	166,064
Miscellaneous	140,060	74,864	-	-	-	214,924
Due from other funds	38,527	-	-	-	-	38,527
Prepaid items	86,911	38,253	-	-	-	125,164
<b>TOTAL ASSETS</b>	<b>\$ 9,586,901</b>	<b>\$ 5,003,109</b>	<b>\$ 13,446,867</b>	<b>\$ 1,907,456</b>	<b>\$ 30,883</b>	<b>\$ 29,975,216</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities</b>						
Vendor accounts payable	\$ 99,647	\$ 87,402	\$ -	\$ -	\$ -	\$ 187,049
Protested tax payments	13,796	-	-	-	-	13,796
Payroll related payables	14,442	-	-	-	-	14,442
Miscellaneous payables	5,653	2,343	-	-	-	7,996
Due to other funds	-	38,527	-	-	-	38,527
Accrued payroll	22,297	6,654	-	-	-	28,951
Deposits payable	197,298	10,892	-	-	-	208,190
Deferred revenue	1,380	211,004	-	-	-	212,384
<b>TOTAL LIABILITIES</b>	<b>354,513</b>	<b>356,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>711,335</b>
<b>Fund Equity</b>						
<b>Fund balances:</b>						
<b>Reserved:</b>						
Prepaid items	86,911	38,253	-	-	-	125,164
Storm water/parks	-	1,493,704	-	-	-	1,493,704
Debt service	-	2,521,206	13,446,867	1,907,456	-	17,875,529
<b>Designated:</b>						
Capital projects	5,569,382	457,024	-	-	-	6,026,406
Items to be carried to 2009	916,800	136,100	-	-	30,883	1,083,783
Unreserved/undesignated	2,659,295	-	-	-	-	2,659,295
<b>TOTAL FUND BALANCE</b>	<b>9,232,388</b>	<b>4,646,287</b>	<b>13,446,867</b>	<b>1,907,456</b>	<b>30,883</b>	<b>29,263,881</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 9,586,901</b>	<b>\$ 5,003,109</b>	<b>\$ 13,446,867</b>	<b>\$ 1,907,456</b>	<b>\$ 30,883</b>	<b>\$ 29,975,216</b>

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

CITY OF FENTON, MISSOURI  
 Reconciliation of the Balance Sheet  
 of Governmental Funds to the  
 Statement of Net Assets  
 As of 12/31/2008

Total Fund Balance of All Governmental Funds	\$	29,263,881
--	----	------------

Amounts Reported on The Statement of Net Assets Differ Because:

Capital assets used in governmental activities are not financial resources; therefore, the assets are not reported in the funds balance sheet. The cost of capital assets was \$75,749,185 and the accumulated depreciation was \$29,173,525.		46,575,660
---	--	------------

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.		892,445
---	--	---------

Deferred charges for bond refunding costs are not current financial resources; therefore, these deferred charges are not reported in the funds balance sheet. These costs will be amortized as interest expense over the life of the debt.		4,182,357
--	--	-----------

Compensated Absences are not due and payable in the current period; therefore, compensated absences are not reported as liabilities in the funds balance sheet.		(177,455)
---	--	-----------

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 2008 consisted of:

Accrued interest payable		(789,777)
TIF bonds payable		(46,565,000)
Certificates of participation payable		(11,610,000)
PFA bonds payable		(4,000,000)
		(11,491,770)

Net Adjustments		(11,491,770)
-----------------	--	--------------

Net Assets of Governmental Activities Per Statement of Net Assets	\$	17,772,111
---	----	------------

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

CITY OF FENTON, MISSOURI  
Statement of Revenues, Expenditures and Changes In Fund Balance  
Governmental Funds  
For The Year Ended December 31, 2008

	General Fund	Storm Water/Parks Fund	Gravois Bluffs TIF Fund	Fenton Crossing TIF Fund	Non Major - Old Towne Improvements Fund	Total Governmental Funds
<b>REVENUES</b>						
Licenses and Permits	\$ 71,573	\$ -	\$ -	\$ -	\$ -	\$ 71,573
Gross Receipts Taxes	1,949,985	-	32,335	8,058	-	1,990,378
Sales Taxes	2,778,980	3,104,783	4,133,862	866,487	-	10,884,112
County Road and Bridge Tax	445,957	-	-	-	-	445,957
Intergovernmental	323,045	-	2,795,494	421,876	-	3,540,415
Grants	20,000	75,092	-	-	-	95,092
Municipal Court Fines and Fees	436,477	-	-	-	-	436,477
Charges For Services	65,854	1,888,756	-	-	-	1,954,610
Investment Income	290,671	172,797	292,900	65,902	803	823,073
One Time Revenues - Telephone Settlements	456,977	-	-	-	-	456,977
Miscellaneous	49,796	-	-	-	-	49,796
<b>TOTAL REVENUES</b>	<b>6,889,315</b>	<b>5,241,428</b>	<b>7,254,591</b>	<b>1,362,323</b>	<b>803</b>	<b>20,748,460</b>
<b>EXPENDITURES</b>						
Current Expenditures						
General Governmental	1,688,343	-	80,000	30,000	-	1,798,343
Community Development	302,830	-	-	-	-	302,830
Public Safety	2,230,176	-	-	-	-	2,230,176
Public Works	1,097,240	-	-	-	-	1,097,240
Flood Expenditures	202,235	36,239	-	-	-	238,474
Storm Water Maintenance	-	18,402	-	-	-	18,402
Parks & Recreation	-	2,972,256	-	-	-	2,972,256
Debt Service						
Principal	-	1,560,000	4,235,000	820,000	-	6,615,000
Interest	-	605,415	1,962,295	497,894	-	3,065,604
Trustee Fees	-	6,740	7,420	3,448	-	17,608
Capital Outlay	475,931	136,646	-	-	145,565	758,142
<b>TOTAL EXPENDITURES</b>	<b>5,996,755</b>	<b>5,335,698</b>	<b>6,284,715</b>	<b>1,351,342</b>	<b>145,565</b>	<b>19,114,075</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	892,560	(94,270)	969,876	10,981	(144,762)	1,634,385
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Assets	21,150	-	-	-	-	21,150
Net Changes In Fund Balance	913,710	(94,270)	969,876	10,981	(144,762)	1,655,535
Fund Balance - Beginning	8,318,678	4,740,557	12,476,991	1,896,475	175,645	27,608,346
Fund Balance - Ending	\$ 9,232,388	\$ 4,646,287	\$ 13,446,867	\$ 1,907,456	\$ 30,883	\$ 29,263,881

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

CITY OF FENTON, MISSOURI  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance of Governmental Funds  
 to the Statement of Activities  
 For The Year Ended 12/31/2008

---

Net Changes In Fund Balance Per Statement of Revenues and Expenditures \$ 1,655,535

Amounts reported for governmental activities in the state 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 (\$1,895,868) exceeded capital outlay costs (\$758,142) in the current period. (1,137,727)

Bond issue costs are reported in governmental funds as expenditures in the year the bonds are issued. In the statement of activities, the cost of this action is allocated over the life of the bonds and reported annually as interest expense. This is the amount reported as interest expense in 2008 that relates to bond issue costs from prior years. (437,506)

Assets that were retired before the end of their useful lives have no impact on the governmental funds. However, this action is reported as a loss on disposal of assets in the statement of activities. (992)

Compensated absences are reported in the Statement of Activities, but do not require the use of current financial resources; therefore compensated absences are not reported as expenditures in governmental funds (7,314)

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:

Accrued interest payable	74,361
Bond principal payments	6,615,000
Net Adjustments	5,105,822

Changes In Net Assets Per The Statement of Activities \$ 6,761,357

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

CITY OF FENTON, MISSOURI

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For The Year Ended December 31, 2008

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses & Permits	\$ 61,900	\$ 70,000	\$ 71,573	\$ 1,573
Gross Receipts Taxes	1,895,600	1,876,000	1,949,985	73,985
Sales Taxes	2,870,000	2,750,000	2,778,980	28,980
County Road & Bridge Tax	425,000	465,000	445,957	(19,043)
Intergovernmental	326,900	325,000	323,045	(1,955)
Municipal Court Fines & Fees	357,000	390,000	436,477	46,477
Investment Income	275,000	225,000	290,671	65,671
Charges For Services	66,800	70,000	65,854	(4,146)
One Time Revenues - Telephone Suit Settlement	-	455,000	456,977	1,977
Miscellaneous	56,800	50,000	49,796	(204)
Grants	6,070,000	6,070,000	20,000	(6,050,000)
<b>TOTAL REVENUES</b>	<b>12,405,000</b>	<b>12,746,000</b>	<b>6,889,315</b>	<b>(5,856,685)</b>
<b>EXPENDITURES</b>				
General Government				
Board of Aldermen	44,000	44,000	40,670	3,330
City Administrator	1,058,200	1,037,200	967,980	69,220
City Clerk	85,900	95,900	95,888	12
Human Resources	112,000	108,000	95,268	12,732
Municipal Court	152,000	151,000	139,754	11,246
Finance	175,700	177,700	175,297	2,403
Information Services	190,100	178,100	173,486	4,614
Total General Government	1,817,900	1,791,900	1,688,343	103,557
Community Development	327,400	336,400	302,830	33,570
Public Safety	2,224,200	2,230,200	2,230,176	24
Public Works	1,441,500	1,413,500	1,097,240	316,260
Flood Expenditures	-	221,700	202,235	19,465
Total Operating Expenditures	5,811,000	5,993,700	5,520,824	472,876
Capital Expenditures	8,680,000	8,664,000	270,581	8,393,419
Capital Expenditures - Flood Replacements	-	203,300	205,350	(2,050)
Total Capital Expenditures	8,680,000	8,867,300	475,931	8,391,369
<b>TOTAL EXPENDITURES</b>	<b>14,491,000</b>	<b>14,861,000</b>	<b>5,996,755</b>	<b>8,864,245</b>
Excess of Revenues Over (Under) Expenditures	(2,086,000)	(2,115,000)	892,560	3,007,560
Other Financing Sources (Uses)				
Sale of Assets	14,000	21,000	21,150	150
Net Change in Fund Balance	(2,072,000)	(2,094,000)	913,710	3,007,710
Fund Balance - Beginning	8,318,678	8,318,678	8,318,678	-
Fund Balance - Ending	\$ 6,246,678	\$ 6,224,678	\$ 9,232,388	\$ 3,007,710

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

CITY OF FENTON, MISSOURI

Storm Water/Parks Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Sales Taxes	\$ 3,230,200	\$ 3,102,000	\$ 3,104,783	\$ 2,783
Parks and Recreation Fees	311,700	301,700	284,963	(16,737)
RiverChase Revenues	1,702,000	1,613,400	1,595,271	(18,129)
Special Events	11,100	11,100	8,522	(2,578)
Restricted Investment Income	45,000	45,000	87,419	42,419
Unrestricted Investment Income	90,000	80,000	85,378	5,378
Grants	10,000	76,000	75,092	(908)
<b>TOTAL REVENUES</b>	<u>5,400,000</u>	<u>5,229,200</u>	<u>5,241,428</u>	<u>12,228</u>
<b>EXPENDITURES</b>				
Parks and Recreation	836,000	856,400	850,061	6,339
RiverChase	2,078,000	2,060,600	2,020,867	39,733
Building Maintenance	60,000	145,600	24,526	121,074
Special Events	71,000	83,700	79,107	4,593
Storm Water Maintenance	47,000	47,000	18,402	28,598
<b>Total Operating Expenditures</b>	<u>3,092,000</u>	<u>3,193,300</u>	<u>2,992,963</u>	<u>200,337</u>
Debt Service Payments	2,180,000	2,184,000	2,175,405	8,595
Flood Expenditures	-	40,000	36,239	3,761
<b>Total Non-Operating Expenditures</b>	<u>2,180,000</u>	<u>2,224,000</u>	<u>2,211,644</u>	<u>12,356</u>
Storm Water Improvements	10,000	10,000	-	10,000
Capital Expenditures	115,000	156,900	131,091	25,809
<b>Total Capital Expenditures</b>	<u>125,000</u>	<u>166,900</u>	<u>131,091</u>	<u>35,809</u>
<b>TOTAL EXPENDITURES</b>	<u>5,397,000</u>	<u>5,584,200</u>	<u>5,335,698</u>	<u>248,502</u>
Excess of Revenues Over (Under) Expenditures	3,000	(355,000)	(94,270)	260,730
Fund Balance - Beginning	4,740,557	4,740,557	4,740,557	-
Fund Balance - Ending	<u>\$ 4,743,557</u>	<u>\$ 4,385,557</u>	<u>\$ 4,646,287</u>	<u>\$ 260,730</u>

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

CITY OF FENTON, MISSOURI  
Statement of Net Assets - Fiduciary Fund Types  
Police Pension Trust Fund  
As of December 31,2008

---

	Police Pension Fund
<hr/>	
ASSETS	
Deposits Held With Trustees	\$ 20,562
TOTAL ASSETS	<u>\$ 20,562</u>
NET ASSETS	
Held in trust for police pension benefits	<u>\$ 20,562</u>

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

CITY OF FENTON, MISSOURI  
Statement of Changes In Fiduciary Net Assets  
Police Pension Trust Fund  
For The Year Ended December 31, 2008

<b>ADDITIONS</b>	
Investment Earnings	\$ 722
 <b>DEDUCTIONS</b>	
Administrative Fees	228
Plan Distributions	-
Total Deductions	228
Changes in Net Assets	494
Net assets - beginning	20,068
Net assets - ending	\$ 20,562

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 – Board of Aldermen form of government, which consists of the Mayor and eight members serving on the Board of 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.

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement # 14 and Statement # 39. The City is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the component unit will provide a financial benefit to, or impose a financial burden on, the primary government. The City of Fenton has one component unit as noted below.

Blended Component Unit: The City of Fenton, Missouri Public Facilities Authority is included in the financial statements of the City of Fenton 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 Public Facilities Authority has been determined to be a component unit of the City of Fenton. 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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City of Fenton and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are 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*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as 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 general revenues to be available if they are collected within 60 days of the end of the current period. Sales taxes and TIF PILOT payments are considered available if collected within 120 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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 and PFA bonds issued by the City. The major funding source for this fund is a ½% sales tax that is restricted by law to only be used for parks operations or storm water improvements.

The Gravois Bluffs TIF Debt Service Fund accounts for the resources accumulated and the payments made for principal and interest on the TIF bonds that were issued for the Gravois Bluffs shopping center project.

The Fenton Crossing TIF Debt Service Fund accounts for the resources accumulated and the payments made for principal and interest on the TIF bonds that were issued for the Fenton Crossing shopping center project. This fund does not technically qualify as a major fund under GASB 34; however, the City has chosen to report it as such because the City feels the fund is important enough to the overall financial statements to be considered major.

Additionally, the city reports the following fund types:

Police Employees 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 has been reported at an amount that represents contributions to the plan plus investment income credited, less benefit and termination payments and administration charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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 recorded at their fair market value, which is determined based on the last reported sales price as noted on the national exchange.

There is additional information regarding deposits and investments under Footnote Section III A of this report.

2. Due To/From Other Funds

All outstanding balances between funds outstanding at the end of the year are referred to as "due to/from other funds". As of December 31, 2008, the City had the following due to/from other funds:

Fund	Due From Other Funds	Due To Other Funds
General Fund		
Due From Storm Water/Parks Fund	\$ 38,527	\$ -
Storm Water/Parks Fund		
Due To General Fund	-	38,527
Totals	\$ 38,527	\$ 38,527

The due to/from reported by the General Fund and the Storm Water/Parks Fund are for services rendered by the Public Works department for such items as cleaning RiverChase, mowing parks land and other similar services. These services were performed during December 2008, but not billed until after January 1.

3. Inventories and Prepaid Items

Certain payments made to vendors during 2008 reflect costs that are applicable to future accounting periods and recorded as prepaid items in both the government-wide and fund financial statements.

The City had no material inventory of supplies on hand as of December 31, 2008.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

4. Restricted Assets

Certain proceeds and resources of the City are classified as restricted assets on the balance sheet because these resources are maintained in separate bank accounts or their use is restricted by applicable bond covenants. The General Fund reports restricted resources that represent bonds received from defendants in Municipal Court pending a hearing before the Municipal Court judge and for deposits received from developers for permits that will be refunded upon completion of the construction covered by the permit. The Storm Water/Parks Fund reports restricted resources that are set aside for debt service payments on the series 2004 certificates of participation refunding bonds and the series 2003 PFA refunding bonds. The Gravois Bluffs TIF Fund is used to account for resources set aside for debt service payments on the series 2007 Gravois Bluffs TIF refunding bonds. The Fenton Crossing TIF Fund is used to account for resources set aside for debt service payments on the series 2000 Fenton Crossing TIF bonds. The Olde Towne Capital Project Fund is used to account for the proceeds of TIF bonds issued that are restricted for use solely on capital improvements related to Olde Towne road system and extension of Summit Road.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. 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.

In the case of the initial capitalization of general infrastructure assets the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriated price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs. These costs are amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of donation.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings & Improvements	5 - 50
Land Improvements	10 - 25
Machinery & Equipment	4 - 20
Infrastructure	7 - 50

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits.

All permanent employees with twelve continuous months of service are entitled to paid vacation based on their continuous length of service to the City as follows:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
1 to 4	2
5 to 14	3
15 to 19	4
20 or more	5

Vacation time must be taken in the 12 months following the year in which it was earned. Therefore, unused earned vacation time is reflected as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured (for example, as a result of employee resignations and/or retirements).

Sick leave accrues at the rate of 80 hours per year of continuous service. Employees with less than one year of continuous service are entitled to sick leave prorated at the rate of 6.66 hours per month. Sick leave may be accrued to a maximum of 960 hours. On December 1 of each year, employees with two or more years of continuous service may sell back to the City up to one-third of their unused sick leave for the period of December 1 of the prior year through November 30 of the current year. These hours are then subtracted from the accrued sick leave balance for that employee. An employee who retires, resigns or is terminated after five years of continuous service is paid for one-half of their accrued sick leave (computed at the employee's current rate of pay), up to a maximum of 480 hours. Accordingly, one-half of the accrued sick leave for employees with five or more years of continuous service has been recorded as a liability in the government-wide financial statements.

7. 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 assets. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

8. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that are subject to change.

9. Net Assets

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

Invested in Capital Assets, Net of Related Debt – 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 assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (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 the fund level.

During 2008, the Board of Aldermen made the following budget amendments:

Resolution # 08-01 - Increased the expenditure budget by \$375,600 for projects originally included in the 2007 budget that were not completed by the end of 2007.

Resolution # 08-08 – Increased budgeted citywide revenues by \$177,200 and increased budgeted citywide expenditures by \$357,200 to modify the 2008 budget based on the mid-year review of activity through June 30. This is an annual process that the Board of Aldermen performs to try and match budget expectations with on-going performance.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

Resolution # 09-01 - Increased budgeted citywide revenues by \$435,000 and increased budgeted citywide expenditures by \$435,000 to account for revenues and expenditures not included in the original budget. This is an annual year-end process the Board of Aldermen performs to ensure that revenues and expenditures remain in balance based on actual results of operations.

Encumbrance accounting is employed in all funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end lapse and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures Over Appropriations

Because of Resolution 09-01, expenditures did not exceed appropriations in any fund during 2008.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Missouri state law governs the deposit and investment limitations of the City of Fenton. 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 Agency Discount Notes purchased at a discount with maximum maturities of ten (10) years.
  - U.S. Government Agency Callable Securities with maximum maturities of ten (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. Collateralized public deposits (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.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

- 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 (ninety) 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.

The deposits and investments held at December 31, 2008, and reported at fair value, are as follows:

Deposits and Investments	
<b>DEPOSITS:</b>	
Demand Deposits	\$ (79,209)
Cash on Hand	3,750
Money Market Accounts	36,460
Overnight Sweep Account	711,224
Nonnegotiable Certificates of Deposit	13,529,490
	14,201,715
 <b>INVESTMENTS:</b>	
Federal Home Loan Bank (FHLB)	2,135,541
Fidelity Treasury Fund	3,449,891
Federal Home Loan Mortgage Corporation (FHLMC)	2,671,582
Guaranteed Investment Contract (GIC)	1,708,400
Financial Square Treasury Trust Fund	313,042
	10,278,456
<b>TOTAL DEPOSITS AND INVESTMENTS</b>	<b>\$ 24,480,171</b>
 <b>RECONCILIATION TO THE FINANCIAL STATEMENTS:</b>	
Statement of Net Assets	
Cash and Investments	\$ 9,771,869
Restricted Cash and Investments	14,708,302
	14,708,302
<b>TOTAL DEPOSITS AND INVESTMENTS PER THE STATEMENT OF NET ASSETS</b>	<b>\$ 24,480,171</b>

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, 2008, all City deposits were either insured or collateralized.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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.

Investment Interest Rate Risk – As of December 31, 2008 the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 3 Yrs	Over 8 Yrs
Government and Agency Securities	\$ 4,807,123	\$ 3,811,815	\$ 995,308
Mutual Funds	3,762,933	3,762,933	-
Guaranteed Investment Contract	1,708,400	1,708,400	-
<b>Totals</b>	<b>\$ 10,278,456</b>	<b>\$ 9,283,148</b>	<b>\$ 995,308</b>
Percentage	100.00%	90.32%	9.68%

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:

Maturity	Minimum	Maximum
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, 2008, the City’s investments in U.S. Agency obligations not directly guaranteed by the U.S. Government and investments in money market accounts were rated as follows:

Investment Type	Credit Rating	Amount
Government Agency Securities	AAA	\$ 4,807,123
Fidelity Treasury Mutual Fund	AAA	3,449,891
Guaranteed Investment Contract	Unrated	1,708,400
Financial Square Treasury Mutual Fund	Aaa	313,042
<b>Total</b>		<b>\$ 10,278,456</b>

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

Concentration of Investment 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).

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, 2008, the City had the following investments that were more than 5% of the City’s total investments:

Investment	Amount	Percent
Guaranteed Investment Contract	\$ 1,708,400	16.62%
Federal Home Loan Mortgage Corp	1,139,187	11.08
Federal Home Loan Bank Note	1,035,777	10.08
Federal Home Loan Bank Note	1,024,741	9.97
Federal Home Loan Mortgage Corp	920,285	8.95
Federal Home Loan Mortgage Corp	612,110	5.96

B. Receivables and Deferred Revenue

As of December 31, 2008 citywide receivables are as follows:

Receivable	General Fund	Parks/Storm Water Fund	Gravois Bluffs TIF Fund	Fenton	Total
				Crossing TIF Fund	
Miscellaneous	\$ 95,813	\$ -	\$ -	\$ -	\$ 95,813
Sales Taxes	719,789	605,937	814,603	180,450	2,320,779
Road & Bridge Taxes	288,564	-	-	-	288,564
Grants	20,000	65,092	-	-	85,092
Gross Receipts Taxes	166,064	-	-	-	166,064
Accrued Interest	93,720	40,030	36,098	20,722	190,570
Customer Accounts	24,247	9,772	-	-	34,019
Property Taxes	-	-	1,799,275	351,178	2,150,453
Total	<u>\$ 1,408,197</u>	<u>\$ 720,831</u>	<u>\$ 2,649,976</u>	<u>\$ 552,350</u>	<u>\$ 5,331,354</u>

Governmental funds report *deferred revenue* in connection with resources that have been received, but not yet earned. As of December 31, 2008, the Storm Water/Parks Fund reported approximately \$211,000 in money that had been received from customers for classes to be held in 2009 and for memberships that will be consumed during 2009.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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 as of December 31, 2008.

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. The trust requires an annual premium payment and prorated expenses to cover the estimated costs of claims and establish reserves for claims from each participant in the trust. The members of the trust 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 the trust, should the trust cease operations at some future date. The trust 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.

E. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

Account	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 13,100,099	\$ -	\$ -	\$ 13,100,099
Construction In Progress	1,261,591	254,990	(451)	1,516,130
Land Improvements	2,509,049	76,646	-	2,585,695
Buildings	21,509,418	-	-	21,509,418
Building Improvements	190,219	69,221	-	259,440
Machinery & Equipment	1,731,033	153,285	(63,311)	1,821,007
Infrastructure	34,775,017	182,379	-	34,957,396
Total Assets	<u>75,076,426</u>	<u>736,521</u>	<u>(63,762)</u>	<u>75,749,185</u>
Acc Deprec - Land Improvements	(1,385,710)	(90,697)	-	(1,476,407)
Acc Deprec - Buildings	(5,595,120)	(570,440)	-	(6,165,560)
Acc Deprec - Bldg Improvements	(44,294)	(5,486)	-	(49,780)
Acc Deprec - M & E	(1,266,548)	(99,809)	62,950	(1,303,407)
Acc Deprec - Infrastructure	(19,070,376)	(1,129,436)	21,441	(20,178,371)
Total Accumulated Depreciation	<u>(27,362,048)</u>	<u>(1,895,868)</u>	<u>84,391</u>	<u>(29,173,525)</u>
Capital Assets, Net	<u>\$ 47,714,378</u>	<u>\$ (1,159,347)</u>	<u>\$ 20,629</u>	<u>\$ 46,575,660</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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

Function	2008 Depreciation
General Government	\$ 70,385
Community Development	37,565
Public Works	1,244,430
Parks and Recreation	543,488
	\$ 1,895,868

GASB Statement 34 requires the City to report and depreciate new infrastructure assets, effective with fiscal year 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. As of December 31, 2007, the retroactive reporting has been completed for all infrastructure assets.

F. Construction Commitments

The City had no active construction projects as of December 31, 2008.

G. Lease Commitments

The City leases three office copiers under non-cancelable operating leases. The lease for the copier located at City Hall costs \$416 per month and runs from May 19, 2008 to May 19, 2013. The lease for the copier at RiverChase costs \$216 per month and runs from March 15, 2004 to March 15, 2009. The lease for the copier at the Public Works facility costs \$127 per month and runs from January 15, 2008 through January 15, 2013.

The City also leases a postage meter and scale for \$179 per month with the agreement running from April 1, 2007 to March 31, 2011.

Total costs for such leases were \$10,256 for the year ended December 31, 2008. The future minimum lease payments on these leases is as follows:

Year Ending December 31,	Amount
2009	\$ 9,314
2010	8,666
2011	7,055
2012	6,518
2013	2,207

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

H. Long-Term Debt

As of December 31, 2008 the City has the following outstanding long-term liabilities:

Name	Balance 01/01/2008	Additions	Retirements	Balance 12/31/2008	Due Within One Year
Gravois Bluffs TIF - Series 2006	\$ 44,535,000	\$ -	\$ 4,235,000	\$ 40,300,000	\$ 5,010,000
Fenton Crossing TIF - Series 2000	7,085,000	-	820,000	6,265,000	590,000
Total - TIF Debt	<u>51,620,000</u>	-	<u>5,055,000</u>	<u>46,565,000</u>	<u>5,600,000</u>
PFA Bonds	4,460,000	-	460,000	4,000,000	470,000
Certificates of Participation	12,710,000	-	1,100,000	11,610,000	1,125,000
Total - Other Debt	<u>17,170,000</u>	-	<u>1,560,000</u>	<u>15,610,000</u>	<u>1,595,000</u>
Unamortized Premium (net)	415,594	-	31,366	384,228	31,366
Deferred Amount on Refunding	(4,956,123)	-	389,538	(4,566,585)	(389,538)
Compensated Absences	170,140	168,079	160,764	177,455	177,455
Total - Other Liabilities	<u>(4,370,389)</u>	<u>168,079</u>	<u>581,668</u>	<u>(4,004,902)</u>	<u>(180,717)</u>
<b>TOTAL - LONG-TERM LIABILITIES</b>	<u>\$ 64,419,611</u>	<u>\$ 168,079</u>	<u>\$ 7,196,668</u>	<u>\$ 58,170,098</u>	<u>\$ 7,014,283</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 2008 assessed value of \$398,347,000, the City of Fenton's legal debt limit is \$39,835,000. 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 four 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 of Fenton. 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 the repayment of these bonds.

Series 2000 Bonds – On November 1, 2000, the City issued \$10,205,000 of serial and term bonds with principal repayment beginning October 1, 2003. Final maturity of the serial bonds is October 1, 2011; while the term bonds are due on October 1, 2015 and October 1, 2021, respectively. Interest rates on the bonds range from 5.375% to 7.25% with interest payments due on April 1 and October 1. Term bonds due in 2015 and 2021 are subject to early redemption, as revenues will permit.

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.

Series 2002 Bonds – On October 1, 2002 the City issued \$19,035,000 of term bonds with a final maturity of October 1, 2012 and October 1, 2021.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

On April 13, 2006, the City issued \$48,635,000 in TIF revenue refunding bonds to advance refund both the series 2001 and Series 2002 Gravois Bluffs TIF bonds. More details are described later in this section under the heading of “Defeased Debt”.

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

Year Ending December 31	Principal	Interest	Total
2009	\$ 5,600,000	\$ 2,178,813	\$ 7,778,813
2010	3,085,000	1,987,666	5,072,666
2011	3,320,000	1,836,035	5,156,035
2012	3,440,000	1,656,185	5,096,185
2013 - 2017	19,745,000	5,358,228	25,103,228
2018 - 2021	11,375,000	932,575	12,307,575
Totals	<u>\$ 46,565,000</u>	<u>\$ 13,949,502</u>	<u>\$ 60,514,502</u>

Public Facility Authority (PFA) Bonds

In 1997, the City entered into a lease agreement with the City of Fenton, Missouri Public Facilities Authority for the purpose of acquiring parkland for the Fabick Nature Preserve. The annual lease payments on the property were set an amount equal to the annual principal and interest payments due on the bonds issued in 1997. In 2003, the lease was amended when the Authority issued Leasehold Revenue Refunding Bonds in the face amount of \$5,985,000 with interest rates that range from 1.2% to 4.35%. The proceeds of the refunding bonds were used to defease the outstanding 1997 bonds issued by the Authority. Interest on the 2003 bonds is due on January 1 and July 1, with final maturity of the bonds occurring on January 1, 2016.

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

Year Ending December 31	Principal	Interest	Total
2009	\$ 470,000	\$ 144,590	\$ 614,590
2010	475,000	129,347	604,347
2011	485,000	112,543	597,543
2012	495,000	94,531	589,531
2013 -2016	2,075,000	172,515	2,247,515
Totals	<u>\$ 4,000,000</u>	<u>\$ 653,526</u>	<u>\$ 4,653,526</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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. Such bonds were subject to early redemption on September 1, 2007. More details are described later in this section under the heading of “Defeased Debt”.

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.

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

Year Ending December 31	Principal	Interest	Total
2009	\$ 1,125,000	\$ 419,398	\$ 1,544,398
2010	1,160,000	387,335	1,547,335
2011	1,195,000	351,375	1,546,375
2012	1,235,000	311,342	1,546,342
2013 -2017	6,895,000	840,194	7,735,194
Totals	<u>\$ 11,610,000</u>	<u>\$ 2,309,645</u>	<u>\$ 13,919,645</u>

Defeased Debt

On April 13, 2006, the City issued \$25,400,000 in term TIF refunding bonds and \$23,235,000 in serial TIF refunding bonds for the purpose of advance refunding the Series 2001 and Series 2002 TIF revenue bonds. The refunding bonds have interest rates ranging from 4% to 5%, with a final payment date of April 1, 2021. The term bonds are subject to mandatory early redemption beginning on April 1, 2007 as revenues permit. The defeased bonds had an outstanding balance of \$44,115,000 at the date of defeasance with interest rates ranging from 5% to 7%. The refunding proceeds were used to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of paying off the old bonds as they come due. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The defeased bonds will be called for full redemption on October 1, 2011 and October 1, 2012. The reacquisition price exceeded the net carrying amount of the old bonds by \$4,895,785. This amount is being netted against the new debt and is being amortized over the remaining 15 years of the new debt, which is the same life as the defeased debt. The advance refunding was undertaken to remove restrictive bond covenants associated with the old debt whereby all TDD sales tax revenues had to be applied to retire TIF debt. Under the new covenants, only the top 50% of TDD sales taxes will go to retire TIF debt while the bottom 50% of TDD sales taxes will now go to pay off TDD debt issued to construct the Summit Road street extension project. The refunding resulted in a net economic loss of \$1,332,000.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

As of December 31, 2008, the amount of defeased debt outstanding, but removed from the long-term debt of the City, amounted to \$27,180,000 for the Series 2001 bonds and \$14,600,000 for the Series 2002 bonds.

In December 2004, the City issued \$13,170,000 in Refunding Certificates of Participation with interest rates ranging from 1.95% to 4.10%. The proceeds were used to advance refund the Series 1997 certificates maturing in the years 2008 through 2017. The defeased certificates had an outstanding balance of \$12,325,000 at the time of defeasance with interest rates ranging from 5.00% to 5.12%. Certificates maturing in 2005, 2006, and 2007, in the amount of \$2,675,000, were not eligible for early redemption and remained outstanding as of the date of defeasance. As of December 31, 2007, all defeased debt had been retired.

During the year ended December 31, 2003, the City of Fenton Missouri Public Facilities Authority issued \$5,985,000 of Leasehold Revenue Refunding Bonds with interest rates ranging from 1.2% to 4.35% to advance refund and defease the Authority's outstanding Series 1997 Leasehold Revenue Bonds maturing in the years 2004 through 2018. The Series 1997 bonds had an outstanding balance of \$6,160,000 at the time of defeasance with interest rates ranging from 4.6% to 5.25%. The defeased bonds were called for redemption on January 1, 2008. As of December 31, 2008 all defeased debt had been retired.

I. Pension Plans

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 70.655 – 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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 2008 was 6.4% for general employees and 9.8% 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 Aldermen 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

For 2008, the City's annual pension cost of \$141,330 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2008 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% 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 the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 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 expense on an open basis. The amortization period at February 29, 2008 was 15 years. A schedule of funding progress is included later in this report as required supplementary information.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 166,858	100%	\$ -
6/30/2007	150,956	100	-
6/30/2008	141,330	100	-

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

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 of Aldermen on August 18, 1980. Due to discontinuance of local police salaries, no contributions were made for 2007.

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.

IV. OTHER INFORMATION

A. Police Services

The City contracts with the St. Louis County Police Department for police services. For the year ended December 31, 2008, the City paid a total of \$2,482,968 for such services. The contract was renewed during 2005 for a five-year period ending on December 31, 2010.

B. Legal Proceedings

As of December 31, 2008, 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.

C. Economic Dependency

The City estimates that one retail business has generated retail sales tax revenues greater than ten percent of the City's total retail sales tax revenue. In addition, one industrial business accounts for over half of the gross receipts taxes generated annually.

D. Conduit Debt

On November 16, 2005, \$1,000,000,000 in City of Fenton, Missouri Series 2005 Taxable Industrial Revenue Bonds were issued for the Daimler Chrysler Corporation. These bonds were used to remodel the two plants located in Fenton and upgrade the equipment contained in these plants.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008

---

On December 22, 2004, \$112,000,000 in City of Fenton, Missouri Series 2004 Taxable Industrial Revenue Bonds were issued for the Daimler Chrysler Corporation. These bonds were used to purchase equipment to upgrade the auto assembly plant located in Fenton.

These bonds are limited obligations of the City payable solely out of certain lease revenues derived by the City from the lease agreement with Daimler Chrysler. The bonds and interest thereon do not constitute general obligations of the City or the State of Missouri. Neither the City nor the State is liable for the payment of these bonds. The bonds do not constitute indebtedness within the meaning of any statutory debt limitations or restriction, and are not payable in any manner by taxation. As such, the bonds are considered conduit debt of the City and neither the assets that will be acquired from the proceeds of the bonds nor the long-term liabilities for the bonds are reflected in the financial statements of the City. As of December 31, 2008, the amount issued and payable on these two series was \$771,523,621.

E. Related Party Transaction

American Burglary and Fire, Inc (ABF) provides fire and burglary alarm system monitoring to the City for all city buildings. ABF is owned and operated by a member of the Board of Aldermen. These services have been provided to the City by ABF since 1991. The Alderman who owns ABF was elected to the Board of Aldermen in 2002. The cost of the monitoring service is \$384 per quarter or \$1,536 per year. In 2008, the total cost of services provided by ABF was \$1,636, which included both monitoring and repair services.

F. Subsequent Events

On April 30, 2009 Chrysler LLC filed for bankruptcy protection and suspended manufacturing operations at all of their plants for 30 to 60 days. This included the Fenton North Plant that had been producing Dodge Ram trucks. On May 6, Chrysler's bankruptcy plan stated that the North Plant would be closed in the third quarter of 2009 and that all production operations at the Fenton plant will cease. It is estimated that the total economic impact to the City of Fenton from the closure of both the North and South plants could approach \$500,000 per year in lost gross receipt taxes and sales taxes. This is roughly 10% of the annual General Fund revenue budget. The 2009 budget lowered revenues by \$300,000 to allow for the impact from the closure of the South Plant. The remaining estimated revenue losses will be included as part of the 2010 budget discussions.

## REQUIRED SUPPLEMENTARY INFORMATION

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
2/28/2006	\$ 4,025,731	\$ 3,456,585	\$ (569,146)	116%	\$ 1,945,529	(29)%
2/28/2007	4,441,890	3,735,812	(706,078)	119	1,831,422	(39)
2/29/2008	4,935,955	4,071,215	(864,740)	121	2,080,662	(42)

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, 2006 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 Supplemental Information  
Gravois Bluffs TIF Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Sales Taxes	\$ 3,604,000	\$ 3,604,000	\$ 4,133,862	\$ 529,862
Property Taxes	2,039,000	2,394,000	2,795,494	401,494
Gross Receipts Taxes	37,000	37,000	32,335	(4,665)
Investment Income	250,000	250,000	292,900	42,900
TOTAL REVENUES	<u>5,930,000</u>	<u>6,285,000</u>	<u>7,254,591</u>	<u>969,591</u>
<b>EXPENDITURES</b>				
Current Expenditures:				
Administrative Costs	80,000	80,000	80,000	-
Debt Service Expenditures:				
Principal	3,760,000	4,235,000	4,235,000	-
Interest	2,074,000	1,962,300	1,962,295	5
Trustee Fees	16,000	7,700	7,420	280
TOTAL EXPENDITURES	<u>5,930,000</u>	<u>6,285,000</u>	<u>6,284,715</u>	<u>285</u>
Excess of Revenues Over (Under) Expenditures	-	-	969,876	969,876
Fund Balance - Beginning	12,476,991	12,476,991	12,476,991	-
Fund Balance - Ending	<u>\$ 12,476,991</u>	<u>\$ 12,476,991</u>	<u>\$ 13,446,867</u>	<u>\$ 969,876</u>

CITY OF FENTON, MISSOURI  
Additional Supplemental Information  
Fenton Crossing TIF Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended December 31, 2008

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales Taxes	\$ 880,000	\$ 880,000	\$ 866,487	\$ (13,513)
Property Taxes	350,400	421,400	421,876	476
Gross Receipts Taxes	6,600	6,600	8,058	1,458
Investment Income	35,000	44,000	65,902	21,902
TOTAL REVENUES	<u>1,272,000</u>	<u>1,352,000</u>	<u>1,362,323</u>	<u>10,323</u>
<b>EXPENDITURES</b>				
Current Expenditures:				
Administrative Costs	30,000	30,000	30,000	-
Debt Service Expenditures:				
Principal	722,000	820,000	820,000	-
Interest	516,000	498,000	497,894	106
Trustee Fees	4,000	4,000	3,448	552
TOTAL EXPENDITURES	<u>1,272,000</u>	<u>1,352,000</u>	<u>1,351,342</u>	<u>658</u>
Excess of Revenues Over (Under) Expenditures	-	-	10,981	10,981
Fund Balance - Beginning	1,896,475	1,896,475	1,896,475	-
Fund Balance - Ending	<u>\$ 1,896,475</u>	<u>\$ 1,896,475</u>	<u>\$ 1,907,456</u>	<u>\$ 10,981</u>