

**CITY OF FENTON, MISSOURI**

**FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**

# CITY OF FENTON, MISSOURI

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# CITY OF FENTON, MISSOURI

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## Independent Auditors' Report

The Honorable Mayor and Members  
of the Board of Aldermen  
City of Fenton, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fenton, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Fenton, Missouri's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fenton, Missouri, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Change in Accounting Policy*

As discussed in Note 11 to the financial statements, in 2013 the City of Fenton, Missouri adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### *Report on Summarized Comparative Information*

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on pages 40 through 41 and schedule of funding progress on page 43 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fenton, Missouri's basic financial statements. The introductory section and additional supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014 on our consideration of the City of Fenton, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fenton, Missouri's internal control over financial reporting and compliance.

Kerber, Eck & Baeckel LLP

St. Louis, Missouri  
June 12, 2014

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

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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, 2013. 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, 2013, the City's assets and deferred outflows of resources exceeded liabilities by approximately \$65.4 million. Included in this amount are approximately \$1.5 million of resources that are restricted for debt service. The City has unrestricted net position of approximately \$10.2 million.
- Cash and investment balances as of December 31, 2013 were approximately \$14.1 million and current liabilities were approximately \$3.5 million. Federal and State laws restrict approximately \$4 million of the cash and investments on hand to the repayment of outstanding debt.
- Net position increased by approximately \$0.25 million during fiscal year 2013.
- Fund balances, which are a measure of current financial resources in the governmental funds, decreased by approximately \$14.7 million to an ending balance of \$13 million. \$658,125 is unassigned in governmental funds and is available for future appropriation by the Board of Aldermen. Per the financial policies of the City, \$2.4 million in fund balance is held in the General Fund as committed for emergencies, and \$1.2 million in fund balance is held in the Storm Water/Parks Fund as committed for emergencies. These funds can only be used by official action of the Board of Alderman and only in the event of a natural disaster that would require readily available funds to recover from the natural disaster.
- Total fund balance in the General Fund was approximately \$3.1 million, or about 64% of 2013 operating expenditures. \$34,543 is non-spendable fund balance to be used to pay 2014 expenditures that were prepaid in December 2013, \$2.4 million is held for emergencies as noted above, and \$658,125 is unassigned.
- The City's gross outstanding debt was approximately \$6.3 million. Of this amount \$1.5 million is due on TIF bonds that are repayable only from sales tax revenues generated by the TIF District and are not a claim on general resources of the City of Fenton. Another \$4.8 million is due on Certificates of Participation issued to buy Fabick Nature Preserve (\$0.5 million), and to build RiverChase, remodel City Hall and make storm water improvements (\$4.3 million).

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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's finances, in a manner similar to a private-sector business.

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

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

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

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

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### 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, 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 has two types of funds: 1) governmental and 2) fiduciary.

Governmental funds - These funds are used to account for the City's basic services, which are the same services that are included in the governmental activities on the government-wide financial statements. However, the information contained in the fund statements is measured differently. Government funds focus on current financial resources rather than economic resources. Therefore, the statements for these types of funds only include short-term resources, such as cash, investments and receivables that will be collected within the first 60 days of 2014 and short-term liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

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

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

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

The City of Fenton used the following governmental funds during 2013:

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

The first six funds are considered major funds and are reported separately in the fund financial statements. The remaining fund does not meet the normal criteria for a major fund.

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended December 31, 2013

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

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

### Notes to the Financial Statements

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

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

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

### ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by approximately \$65.4 million at the end of fiscal year 2013.

The largest portion of the City's net position (\$53.7 million) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from current resources due to the fact that the investment in capital assets is reported net of related debt. The capital assets themselves cannot be used to liquidate these particular liabilities.

The following table summarizes the Statements of Net Position:

	2013	2012	\$ Change	% Change
Current assets	\$ 16,596,558	\$ 28,940,024	\$ (12,343,466)	-42.65%
Deferred charges - bond issue costs	-	713,302	(713,302)	-100.00%
Capital assets	58,640,231	60,279,373	(1,639,142)	-2.72%
<b>Total Assets</b>	<b>75,236,789</b>	<b>89,932,699</b>	<b>(14,695,910)</b>	<b>-16.34%</b>
Deferred charge on refunding	250,129	-	250,129	100.00%
Long-term debt	6,599,025	22,741,282	(16,142,257)	-70.98%
Other liabilities	3,520,178	1,359,188	2,160,990	158.99%
<b>Total Liabilities</b>	<b>10,119,203</b>	<b>24,100,470</b>	<b>(13,981,267)</b>	<b>-58.01%</b>
Net position:				
Net investment in capital assets	53,720,230	52,572,136	1,148,094	2.18%
Restricted	1,478,993	19,289,947	(17,810,954)	-92.33%
Unrestricted	10,168,492	(6,029,854)	16,198,346	-268.64%
<b>Total Net Position</b>	<b>\$ 65,367,715</b>	<b>\$ 65,832,229</b>	<b>\$ (464,514)</b>	<b>-0.71%</b>

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

Provisions of various laws, regulations and contractual agreements restrict approximately \$1.5 million of net position for use solely on future debt service payments. \$53.7 million of net position are invested in capital assets, net of related debt. This means that unrestricted net position equals \$10.2 million. There is \$1.5 million in outstanding TIF bonds that were issued to provide resources for the Fenton Crossing shopping center. This debt did not result in capital assets being provided to the City as a result of the investment. Without this TIF debt the City would show an unrestricted net position of \$11.7 million.

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

	2013	2012	\$ Change	% Change
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$ 2,325,907	\$ 2,333,427	\$ (7,520)	-0.32%
Capital grants & contributions	412,573	1,659,832	(1,247,259)	-75.14%
General Revenues:				
Sales taxes	9,489,841	10,376,428	(886,587)	-8.54%
Intergovernmental	692,480	4,528,664	(3,836,184)	-84.71%
Utility taxes	1,467,329	1,378,381	88,948	6.45%
Other taxes	283,255	316,517	(33,262)	-10.51%
Investment earnings	38,936	87,162	(48,226)	-55.33%
Other general revenues	87,145	90,239	(3,094)	-3.43%
Total Revenues	14,797,466	20,770,650	(5,973,184)	-28.76%
<b>PROGRAM EXPENSES</b>				
General government	1,505,016	1,705,009	(199,993)	-11.73%
Community development	243,490	276,998	(33,508)	-12.10%
Public safety	2,363,834	2,350,244	13,590	0.58%
Public works	2,304,170	2,446,872	(142,702)	-5.83%
Storm water/parks and recreation	2,919,266	2,954,426	(35,160)	-1.19%
Economic development	1,912,891	-	1,912,891	100.00%
Debt service expenditures	3,300,011	1,651,751	1,648,260	99.79%
Total Expenses	14,548,678	11,385,300	3,163,378	27.78%
Change In Net Position	248,788	9,385,350	(9,136,562)	-97.35%
Net Position - Beginning of Year	65,118,927	56,446,879	8,672,048	15.36%
Net Position - End of Year	\$ 65,367,715	\$ 65,832,229	\$ (464,514)	-0.71%

Some observations about 2013 revenues and expenditures compared to 2012:

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

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Some observations about 2013 revenues and expenditures compared to 2012:

- Total revenues were down by \$5,973,184 or 28.8%. Revenues changed as follows:
  - Capital grants and contributions decreased by \$1,247,259 or 75.1% mainly due to Gravois Road Bridge project that was primarily done in 2012.
  - Sales taxes decreased by \$886,587 (8.5%). The General Fund and the Storm Water/Parks sales tax increased during 2013, however, due to the payoff of the Gravois Bluffs TIF bonds in October 2013, the TIF sales tax significantly decreased.
  - Intergovernmental revenues decreased by \$3,836,184 (84.7%) primarily due to the early payoff the Gravois Bluffs TIF Bonds. No property tax was recorded in 2013 as a result of the payoff.
  
- Program expenses were up by \$3,163,378 or 27.8%. This was due to the following items:
  - General government expenses decreased by \$199,993 or (11.7%) due to intentional budget cuts and elimination of employment positions. There was also a \$55,828 loss on disposal of capital assets due to the City donating a portion of land to the Fire District several years ago.
  - Public works expenses decreased \$142,702 or (5.8%) mainly due to decreased salaries and benefits due to vacant positions.
  - Economic development expense increased \$1,912,891 or 100.0% due to the payoff of the Gravois Bluffs TIF bonds. The remaining funds after the bonds were paid off were distributed to various taxing authorities.
  - Debt service expenses increased \$1,648,260 or 99.8% due to the payoff of the Gravois Bluffs TIF bonds. Certain debt service charges are setup as a liabilities or an offset to liabilities when bonds are issued and are subsequently amortized over the life of the bonds. Since these bonds were paid off early, the remaining charges were written off in the current year.

### ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Financial information for the governmental funds is summarized in two statements: 1) The Balance Sheet and 2) The Statement of Revenues, Expenditures and Changes in Fund Balance. At the end of 2013, the City's governmental funds reported combined ending fund balances of \$13.1 million. This was a decrease of \$14.7 million in comparison with the prior year.

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended December 31, 2013

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The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$658,125, while total fund balance reached \$3,121,457. An amount equal to 50% of the annual expenditures, or \$2,428,789 of fund balance has been committed for emergencies per the City's financial policies. The fund balance of the General Fund decreased by \$446,254 during the current fiscal year. The decrease is mainly attributable to a transfer of \$1,200,000 to the Capital Projects Fund.

The Storm Water/Parks Fund balance decreased \$404,268 during the fiscal year to \$1,454,996. The main reason for the decrease was a transfer of \$1,100,000 to the Capital Projects Fund.

The Capital Projects Fund balance increased \$2,297,749 during the current year to \$7,020,934. The Capital Projects Fund received transfers from the General Fund and the Storm Water/Parks fund in the amount of \$2,300,000 to fund future projects.

The Gravois Bluffs TIF Fund balance decreased by \$14,918,395 to \$0. The bonds were paid off during the current fiscal year and the fund was closed out.

The Fabick Debt Service Fund balance increased \$1,392 to \$223,876. This fund receives transfers from the Storm Water/Parks Fund to pay the bonds that were issued to purchase the Fabick property. The bonds are scheduled to payoff in 2014.

The RiverChase Debt Service Fund balance decreased \$1,312,702 to \$4,298. The bonds were refunded during the current year in order to obtain a better interest rate. The old bonds required \$1,317,000 to be held in reserve, the new bonds do not require a reserve to be held.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were various budget amendments for the General Fund. Revenues were increased \$312,680 mainly due to increased sales taxes since the Gravois Bluffs TIF bonds were paid off. There were also various other adjustments including increases to utility taxes and decreases to other taxes.

Expenditures were reduced \$141,640 mainly due to decreases in the public works department. Various other departments had small adjustments.

Transfers out were increased \$1,200,000 when the Board approved to transfer reserves to the Capital Projects Fund in order to fund future capital projects.

### CAPITAL ASSETS

As of December 31, 2013, the City's investment in capital assets was \$58.6 million (net of accumulated depreciation), a decrease of \$1.6 million. Below is summary of the capital assets. More detailed information on the City's capital assets is presented in Note 5 in the financial statements.

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Year ended December 31, 2013

	2013	2012	\$ Change	% Change
Land	\$ 15,488,370	\$ 15,541,115	\$ (52,745)	-0.34%
Land improvements	992,464	913,280	79,184	8.67%
Buildings	12,818,453	13,343,013	(524,560)	-3.93%
Building improvements	200,426	178,400	22,026	12.35%
Machinery and equipment	238,230	295,110	(56,880)	-19.27%
Infrastructure	28,901,188	30,006,954	(1,105,766)	-3.69%
Construction in progress	1,100	1,501	(401)	-26.72%
<b>Total Capital Assets, Net</b>	<b>\$ 58,640,231</b>	<b>\$ 60,279,373</b>	<b>\$ (1,639,142)</b>	<b>-2.72%</b>

### LONG-TERM DEBT

At December 31, 2013, the total long-term debt of the City was \$6.5 million:

	2013	2012
Gravois Bluffs TIF bonds	\$ -	\$ 14,690,000
Fenton Crossing TIF bonds	1,540,000	2,590,000
Certificates of participation	4,775,000	8,015,000
<b>Total Outstanding Debt</b>	<b>6,315,000</b>	<b>25,295,000</b>
Unamortized premium (net)	145,001	268,424
Compensated absences	72,716	121,001
<b>Total Long-Term Debt</b>	<b>\$ 6,532,717</b>	<b>\$ 25,684,425</b>

Total debt outstanding decreased by \$19.2 million during 2013. More detailed information on the City's long-term debt is presented in Note 6 in the financial statements.

### 2014 BUDGET

#### General Fund

The 2014 budget, as adopted by the Board of Aldermen in December 2013, proposed revenues of \$5,339,900 and expenditures of \$4,965,457, with a projected operating income of \$374,443.

The 2014 budget calls for operating expenditures to decrease by \$35,733 from the prior year's final budget. Public safety expenditures are budgeted for a small increase due to an increase in the contract with St. Louis County. Administrative services are budgeted to decrease due to the elimination of employment positions. Public works expenditures are budgeted to increase due to the filling of vacant positions.

# CITY OF FENTON, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED Year ended December 31, 2013

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### Storm Water/Parks Fund

The 2014 budget proposes revenues in this fund to be \$5,416,253 while expenditures will be \$4,545,240, with a projected operating income of \$871,013. The main reason for the increase is due to the additional sales taxes due to the payoff of the Gravois Bluffs TIF bonds.

### Capital Projects Fund

The 2014 budget proposes several purchases and large projects including Old Gravois Road – Phase One for \$1,500,000 and the Greenway Trail Extension for \$167,000. Both of these projects are expected to receive grant funds for partial reimbursement. There are various other smaller projects and routine maintenance budgeted for 2014 from the Capital Projects Fund.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City'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:

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

# CITY OF FENTON, MISSOURI

## STATEMENTS OF NET POSITION DECEMBER 31,

	Governmental activities	
	2013	2012
<b>Assets</b>		
Cash and investments	\$ 10,159,923	\$ 8,213,446
Taxes receivables:		
Property	624,368	4,591,388
Sales	1,613,432	1,877,349
Other	135,312	128,945
Other receivables	21,227	920,070
Interest receivable	5,919	9,522
Prepaid items	65,094	43,928
Restricted cash and investments	3,971,283	13,155,376
Deferred charges - bond issuance costs	-	713,302
Capital assets net:		
Nondepreciable	15,489,470	15,542,616
Depreciable	43,150,761	44,736,757
<b>Total assets</b>	<b>75,236,789</b>	<b>89,932,699</b>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	250,129	-
<b>Liabilities</b>		
Accounts payable and other current liabilities	3,174,980	763,122
Deposits	98,713	115,039
Accrued interest payable	57,103	293,823
Unearned revenue	189,382	187,204
Noncurrent liabilities:		
Due within one year	3,586,396	6,070,162
Due in more than one year	2,946,321	16,605,825
Due in more than one year - net LAGERS pension obligation	66,308	65,295
<b>Total liabilities</b>	<b>10,119,203</b>	<b>24,100,470</b>
<b>Net position</b>		
Net investment in capital assets	53,720,230	52,572,136
Restricted for:		
Storm water, parks and recreation	-	1,859,264
Debt service	1,478,993	17,430,683
Unrestricted	10,168,492	(6,029,854)
<b>Total net position</b>	<b>\$ 65,367,715</b>	<b>\$ 65,832,229</b>

See notes to financial statements.

CITY OF FENTON, MISSOURI

STATEMENTS OF ACTIVITIES  
Years ended December 31,

Function/Program	Expenses	Program revenues		Net revenue (expense) and changes in net position	
		Charges for services	Capital grants and contributions	2013	2012
Primary government:					
Governmental activities					
General government	\$ 1,505,016	\$ 12,000	\$ 182,573	\$ (1,310,443)	\$ (33,177)
Community development	243,490	95,392	-	(148,098)	(210,289)
Public safety	2,363,834	453,338	-	(1,910,496)	(1,911,055)
Public works	2,304,170	-	230,000	(2,074,170)	(2,446,872)
Storm water/parks and recreation	2,919,266	1,765,177	-	(1,154,089)	(1,138,897)
Economic development	1,912,891	-	-	(1,912,891)	-
Debt service expenditures	3,300,011	-	-	(3,300,011)	(1,651,751)
Total governmental activities	<u>\$ 14,548,678</u>	<u>\$ 2,325,907</u>	<u>\$ 412,573</u>	(11,810,198)	(7,392,041)
General revenues:					
Sales taxes				9,489,841	10,376,428
Intergovernmental				692,480	4,528,664
Utility taxes				1,467,329	1,378,381
Other taxes				283,255	316,517
Investment earnings				38,936	87,162
Other general revenue				87,145	90,239
Total general revenues				<u>12,058,986</u>	<u>16,777,391</u>
CHANGES IN NET POSITION				248,788	9,385,350
Net position at beginning of year (restated for 2013)				<u>65,118,927</u>	<u>56,446,879</u>
Net position at end of year				<u>\$ 65,367,715</u>	<u>\$ 65,832,229</u>

See notes to financial statements.

CITY OF FENTON, MISSOURI

BALANCE SHEETS- GOVERNMENTAL FUNDS  
December 31,

	General Fund	Storm Water/Parks Fund	Capital Projects Fund	Gravois Bluffs TIF Fund	Fabick Debt Service Fund	RiverChase Debt Service Fund	Nonmajor Funds - Fenton Crossing TIF Fund	Total 2013	Total 2012
<b>Assets</b>									
Cash and investments	\$ 2,035,269	\$ 1,106,934	\$ 7,017,720	\$ -	\$ -	\$ -	\$ -	\$ 10,159,923	\$ 8,213,446
Restricted cash and investments	23,162	-	-	2,381,036	820,076	4,298	742,711	3,971,283	13,155,376
Taxes receivable									
Sales	886,581	585,456	-	-	-	-	141,395	1,613,432	1,877,356
Property	200,552	-	-	-	-	-	423,816	624,368	4,591,388
Other	135,312	-	-	-	-	-	-	135,312	128,945
Other receivables	17,663	3,564	-	-	-	-	-	21,227	932,968
Interest receivable	2,556	149	3,214	-	-	-	-	5,919	9,522
Prepaid items	34,543	30,551	-	-	-	-	-	65,094	43,928
<b>Total assets</b>	<b>\$ 3,335,638</b>	<b>\$ 1,726,654</b>	<b>\$ 7,020,934</b>	<b>\$ 2,381,036</b>	<b>\$ 820,076</b>	<b>\$ 4,298</b>	<b>\$ 1,307,922</b>	<b>\$ 16,596,558</b>	<b>\$ 28,952,929</b>
<b>Liabilities and fund balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 76,211	\$ 56,654	\$ -	\$ 2,381,036	\$ 596,200	\$ -	\$ -	\$ 3,110,101	\$ 738,429
Accrued payroll	43,058	21,821	-	-	-	-	-	64,879	37,591
Deposits payable	94,912	3,801	-	-	-	-	-	98,713	115,039
Unearned revenue	-	189,382	-	-	-	-	-	189,382	187,204
<b>Total liabilities</b>	<b>214,181</b>	<b>271,658</b>	<b>-</b>	<b>2,381,036</b>	<b>596,200</b>	<b>-</b>	<b>-</b>	<b>3,463,075</b>	<b>1,078,263</b>
<b>Fund balances</b>									
Nonspendable	34,543	30,551	-	-	-	-	-	65,094	43,928
Restricted									
Restricted for storm water and parks	-	-	-	-	-	-	-	-	1,830,212
Restricted for debt service	-	-	-	-	223,876	4,298	1,307,922	1,536,096	17,724,506
Committed									
Committed for capital projects	-	-	7,020,934	-	-	-	-	7,020,934	4,723,185
Committed for emergencies	2,428,789	1,235,515	-	-	-	-	-	3,664,304	2,582,680
Assigned for storm water and parks	-	188,930	-	-	-	-	-	188,930	-
Unassigned	658,125	-	-	-	-	-	-	658,125	970,155
<b>Total fund balances</b>	<b>3,121,457</b>	<b>1,454,996</b>	<b>7,020,934</b>	<b>-</b>	<b>223,876</b>	<b>4,298</b>	<b>1,307,922</b>	<b>13,133,483</b>	<b>27,874,666</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,335,638</b>	<b>\$ 1,726,654</b>	<b>\$ 7,020,934</b>	<b>\$ 2,381,036</b>	<b>\$ 820,076</b>	<b>\$ 4,298</b>	<b>\$ 1,307,922</b>	<b>\$ 16,596,558</b>	<b>\$ 28,952,929</b>

See notes to financial statements.

# CITY OF FENTON, MISSOURI

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2013

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Total fund balance of governmental funds \$ 13,133,483

Amounts reported on the statement of net position differ because:

Capital assets used in governmental activities are not financial resources;  
therefore, the assets are not reported in the funds balance sheet. 58,640,231

Certain long-term liabilities and deferred outflows of resources are not due and payable in the current period, and accordingly are not reported on the funds balance sheet. Long-term liabilities and deferred outflows of resources at the end of the year consisted of:

Accrued interest payable	(57,103)
TIF bonds payable	(1,540,000)
Certificates of participation payable	(4,775,000)
Deferred charge on refunding	250,129
Unamortized premium	(145,001)
Compensated absences	(72,716)
Net pension obligation	(66,308)

Net adjustments 52,234,232

Net position of governmental activities \$ 65,367,715

See notes to financial statements.

CITY OF FENTON, MISSOURI

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

	General Fund	Storm Water/Parks Fund	Capital Projects Fund	Gravois Bluffs TIF Fund	Fabick Debt Service Fund	RiverChase Debt Service Fund	Nonmajor Funds - Fenton Crossing TIF Fund	Total 2013	Total 2012
<b>Revenues</b>									
Sales taxes	\$ 2,939,034	\$ 3,190,834	\$ -	\$ 2,584,427	\$ -	\$ -	\$ 775,546	\$ 9,489,841	\$ 10,376,428
Intergovernmental	268,631	-	-	29	-	-	423,818	692,478	4,528,664
Utility taxes	1,458,319	-	-	-	-	-	9,010	1,467,329	1,378,381
Other taxes	283,248	-	-	-	-	-	-	283,248	316,517
Fines and court costs	453,338	-	-	-	-	-	-	453,338	439,189
Charges for services	107,392	1,765,177	-	-	-	-	-	1,872,569	1,894,238
Grants	-	-	182,573	-	-	-	-	182,573	1,659,832
Investment income	9,875	6,017	4,898	15,313	1,398	-	1,434	38,935	87,162
Miscellaneous	88,086	-	-	-	-	-	-	88,086	90,239
Total revenues	5,607,923	4,962,028	187,471	2,599,769	1,398	-	1,209,808	14,568,397	20,770,650
<b>Expenditures</b>									
<b>Current expenditures</b>									
Parks and recreation	-	2,471,029	-	-	-	-	-	2,471,029	2,470,786
Public safety	2,363,834	-	-	-	-	-	-	2,363,834	2,350,244
General governmental	1,392,539	-	-	-	-	-	-	1,392,539	1,446,070
Public works	896,198	-	-	-	-	-	-	896,198	1,129,131
Community development	205,007	-	-	-	-	-	-	205,007	239,915
Economic development	-	-	-	1,912,891	-	-	-	1,912,891	-
<b>Debt service</b>									
Principal	-	-	-	14,690,000	585,000	1,280,000	1,050,000	17,605,000	10,110,000
Interest	-	-	-	538,898	22,400	268,118	115,781	945,197	1,394,916
Trustee fees and issuance costs	-	-	-	9,539	3,842	86,903	2,732	103,016	13,491
Payments to escrow agents	-	-	-	-	-	1,317,000	-	1,317,000	-
Capital expenditures	-	-	189,722	-	-	-	-	189,722	1,800,376
Total expenditures	4,857,578	2,471,029	189,722	17,151,328	611,242	2,952,021	1,168,513	29,401,433	20,954,929
Excess of revenues over (under) expenditures	750,345	2,490,999	(2,251)	(14,551,559)	(609,844)	(2,952,021)	41,295	(14,833,036)	(184,279)
<b>Other financing sources (uses)</b>									
Transfers in/(out)	(1,200,000)	(2,895,267)	2,300,000	(366,836)	611,236	1,550,867	-	-	-
Refunding bonds issued	-	-	-	-	-	4,240,000	-	4,240,000	-
Payment to refunded bond escrow agent	-	-	-	-	-	(4,311,530)	-	(4,311,530)	-
Bond premium	-	-	-	-	-	159,982	-	159,982	-
Sale of assets	3,401	-	-	-	-	-	-	3,401	-
Total other financing sources (uses)	(1,196,599)	(2,895,267)	2,300,000	(366,836)	611,236	1,639,319	-	91,853	-
Net change in fund balance	(446,254)	(404,268)	2,297,749	(14,918,395)	1,392	(1,312,702)	41,295	(14,741,183)	(184,279)
Fund balance at beginning of year	3,567,711	1,859,264	4,723,185	14,918,395	222,484	1,317,000	1,266,627	27,874,666	28,058,945
Fund balance at end of year	\$ 3,121,457	\$ 1,454,996	\$ 7,020,934	\$ -	\$ 223,876	\$ 4,298	\$ 1,307,922	\$ 13,133,483	\$ 27,874,666

See notes to financial statements.

# CITY OF FENTON, MISSOURI

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year ended December 31, 2013

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Net changes in fund balances of governmental funds	\$ (14,741,183)
Amounts reported for governmental activities in the statement of activities differ because:	
Capital outlays are reported in governmental funds as expenditures; however, on the statement of activities, the cost of these assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which depreciation costs (\$2,027,426) were more than capital outlay costs (\$214,112) during the year.	(1,813,314)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.	174,179
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:	
Accrued compensated absences	48,285
Accrued interest on long-term debt	236,720
Amortization of bond premium and deferred charges	(275,783)
Net pension obligation	(1,013)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.	
Bond principal payments	15,740,000
Certificates of participation principal payments	1,865,000
Refunding bonds issued	(4,240,000)
Payments to escrow agent	5,628,530
Bond premium	(159,982)
Loss on early extinguishment of debt	(2,212,651)
Net adjustments	<u>14,989,971</u>
Changes in net position of governmental activities	<u>\$ 248,788</u>

See notes to financial statements.

# CITY OF FENTON, MISSOURI

## STATEMENT OF FIDUCIARY NET POSITION

### POLICE PENSION TRUST FUND

December 31, 2013

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#### Assets

Deposits held with trustees	<u>\$ 19,238</u>
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#### Net Position

Held in trust for police pension benefits	<u>\$ 19,238</u>
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See notes to financial statements.

# CITY OF FENTON, MISSOURI

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION POLICE PENSION TRUST FUND Year ended December 31, 2013

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Additions	
Investment earnings	\$ 745
Deductions	
Administrative fees	<u>265</u>
Change in net position	480
Net position at beginning of year	<u>18,758</u>
Net position at end of year	<u><u>\$ 19,238</u></u>

See notes to financial statements.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

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

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the City has one component unit as noted below.

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### **Basis of Presentation**

#### **Government-wide Financial Statements**

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### **Fund Financial Statements**

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

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

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

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The RiverChase Debt Service Fund accounts for resources accumulated for the payment of principle and interest at the certificates of participation that were issued for the construction of RiverChase.

Additionally, the City reports the following fiduciary fund:

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

### **Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period, except for property taxes which are considered to be available if received within 180 days. Material amounts of property taxes paid under protest are generally remitted to the City by St. Louis County in April or May subsequent to the year of the tax levy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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

### **Deposits and Investments**

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

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

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

### **Prepaid Items**

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

### **Restricted Assets**

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

### **Capital Assets**

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

### **Compensated Absences**

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

Unused vacation time was frozen at the balance in an employee's account on April 30, 2010. The employee may use this time or be paid for the balance in the account upon termination from employment. The amount to be paid at termination was frozen at the rate of pay in effect on April 30, 2010. Thus, there will be no increase in the dollar value of the unused vacation time. The liability for unused vacation time as of December 31, 2013 has been recorded as a liability in the government-wide financial statements.

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

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts 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.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued, and any related premium, is reported as other financing sources while discounts on debt issuances are reported as other financing uses. In addition, payments made to an escrow agent for advance refunding of bonds are reported as other financing uses.

### **Fund Balance**

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

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

Restricted fund balance represents amounts that are restricted to being spent only for specific purposes because of constraints placed on the use of these resources from one of two sources: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through enabling legislation. The Gravois Bluff TIF Fund and other debt service funds report restricted fund balance as all fund balance for these funds can only be used for the retirement of debt in accordance with bond covenants.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. As of December 31, 2013, the City reported the following items as committed fund balance:

Per Section 100 of the Financial Policies Manual, which was adopted on March 20, 2006 with Ordinance #2791, 50% of annual expenditures will be kept in committed fund balance to be used only in case of a natural disaster that would require cash flow to be used during recovery from the natural disaster. All amounts above this 50% amount are to be kept in unassigned fund balance and used as directed by the Board through a budget amendment resolution. As of December 31 2013, General Fund and Storm Water/Parks Fund committed fund balances for emergency use were \$2,428,789 and \$1,235,515, respectively.

Committed Fund balance in the Capital Projects Fund has a balance of \$7,020,934. This represents the amount designated by the Board to be used for capital projects.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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Assigned fund balance represents amounts that the City intends to use for specific purposes, but are neither restricted nor committed. As of December 31, 2013, the Storm Water Parks Fund reported an assigned fund balance of \$188,930.

Unassigned fund balance is the residual classification of fund balance for the General Fund only. As of December 31, 2013 this account had a balance of \$658,125.

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

### **Net Position**

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

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

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

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

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

### **Unearned Revenues**

Unearned revenues consists of receipts from RiverChase customers for 2014 classes and memberships.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### Use of Estimates

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

### NOTE 2 - CASH AND INVESTMENTS

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

United States Treasury securities for which the full faith and credit of the United States are pledged for the payment of principal and interest.

United States Government agency obligations, including:

- U.S. Government agency discount notes purchased at a discount with maximum maturities of 10 years.
- U.S. Government agency callable securities with maximum maturities of 10 years.

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.

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.

Insured money market accounts that are collateralized by acceptable collateral as dictated by state statute.

Bank acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation and that do not exceed 90 days in length.

Governmental mutual funds that invest solely in government backed securities and that have an average short-term investment horizon of less than one year. Investment in such funds cannot exceed 25% of the total investment portfolio.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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The deposits and investments held at December 31, 2013 are as follows:

Deposits:	
Demand deposits	\$ 6,620,053
Cash on hand	3,550
Nonnegotiable certificates of deposit	6,198,787
	<u>12,822,390</u>
Investments:	
Money market funds	906,877
Federal National Mortgage Association (FNMA)	401,939
	<u>1,308,816</u>
Total deposits and investments	<u>\$ 14,131,206</u>
Reconciliation to the financial statements:	
Statement of net position	
Cash and investments	\$ 10,159,923
Restricted cash and investments	<u>3,971,283</u>
Total deposits and investments per the statement of net position	<u>\$ 14,131,206</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, City deposits may not be returned. Per state law and the City investment policy, all demand deposits or certificates of deposit must be collateralized by government securities for all amounts in excess of the FDIC insurance limit. As of December 31, 2013, all City deposits were either insured or collateralized.

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

Investment Interest Rate Risk - As of December 31, 2013 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3 Yrs</u>	<u>3 to 8 Yrs</u>	<u>Over 8 Yrs</u>
Government and agency securities	\$ 401,939	\$ 401,939	\$ -	\$ -
Money market funds	906,877	906,877	-	-
Totals	<u>\$ 1,308,816</u>	<u>\$ 1,308,816</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage	100.00%	100.00%	0.00%	0.00%

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

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

Investment Credit Risk - As documented on previous pages, City investment policy and state law limit its investment choices. At December 31, 2013, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government were rated as follows:

<u>Investment type</u>	<u>Credit rating</u>	<u>Amount</u>
Government agency securities	AA	\$ 401,939

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

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, 2013, the City had the following investments that were more than 5% of the City's total investments:

<u>Investment</u>	<u>Amount</u>	<u>Percent</u>
Federal National Mortgage Assoc.	\$ 401,939	30.71%

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### NOTE 3 – PROPERTY TAXES

The City's property tax is levied each September based on the assessed value listed by St. Louis County as of the prior January 1 for all real and personal property located in the City. As of January 1 of each year, property taxes attach as an enforceable lien. The City has historically voluntarily reduced the property tax rate to zero. Therefore, there are no outstanding taxes receivable levied by the City as of December 31, 2013, other than those incremental taxes assessed on properties within the Gravois Bluffs and Fenton Crossing tax increment financing districts.

### NOTE 4 – INSURANCE PROGRAMS

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

Subsequent to December 31, 2013, the City terminated its participation in SLAIT and obtained insurance coverage from a commercial carrier.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 15,541,115	\$ 3,083	\$ 55,828	\$ 15,488,370
Construction in progress	1,501	12,367	12,768	1,100
Total capital assets not being depreciated	15,542,616	15,450	68,596	15,489,470
Capital assets being depreciated:				
Land improvements	2,613,115	153,500	-	2,766,615
Buildings	21,631,399	-	-	21,631,399
Building improvements	259,444	29,449	-	288,893
Machinery and equipment	1,832,891	-	14,419	1,818,472
Infrastructure	55,365,530	258,333	651,084	54,972,779
Total capital assets being depreciated	81,702,379	441,282	665,503	81,478,158
Less-Accumulated depreciation for:				
Land improvements	1,699,835	75,990	1,674	1,774,151
Buildings	8,288,386	524,560	-	8,812,946
Building improvements	81,044	7,423	-	88,467
Machinery and equipment	1,537,781	57,028	14,567	1,580,242
Infrastructure	25,358,576	1,362,425	649,410	26,071,591
Total accumulated depreciation	36,965,622	2,027,426	665,651	38,327,397
Total capital assets being depreciated, net	44,736,757	(1,586,144)	(148)	43,150,761
Governmental activities Capital assets, net	<u>\$ 60,279,373</u>	<u>\$ (1,570,694)</u>	<u>\$ 68,448</u>	<u>\$ 58,640,231</u>

Depreciation expense was charged to functions/programs of the primary government as follows for the year ended December 31, 2013:

Function	
General government	\$ 60,198
Community development	38,483
Public works	1,451,061
Parks and recreation	477,684
	<u>\$ 2,027,426</u>

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 6 – LONG-TERM DEBT

As of December 31, 2013, the City has the following outstanding long-term liabilities:

Name	Balance at January 1, 2013	Additions	Retirements	Balance at December 31, 2013	Due within one year
Gravois Bluffs TIF - series 2006	\$ 14,690,000	\$ -	\$ 14,690,000	\$ -	\$ -
Fenton Crossing TIF - series 2010	2,590,000	-	1,050,000	1,540,000	1,540,000
Total – TIF debt	17,280,000	-	15,740,000	1,540,000	1,540,000
Certificates of participation	8,015,000	4,240,000	7,480,000	4,775,000	1,960,000
Total – other debt	8,015,000	4,240,000	7,480,000	4,775,000	1,960,000
Unamortized premium (net)	268,424	159,982	283,405	145,001	67,590
Compensated absences	121,001	8,019	56,304	72,716	18,806
Total – other liabilities	389,425	168,001	339,709	217,717	86,396
Total long-term liabilities	\$ 25,684,425	\$ 4,408,001	\$ 23,559,709	\$ 6,532,717	\$ 3,586,396

State statutes limit the amount of general obligation bonds a governmental entity may issue to 10% of its total assessed value. Based on a 2013 assessed value of \$344,362,595, the City's legal debt limit is \$34,436,260. None of the above listed debt is included in the calculation of the City's legal debt margin because none of the above debt is considered general obligation debt.

#### **Tax Increment Financing (TIF) Bonds**

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

#### **Fenton Crossing TIF Fund**

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

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### Gravois Bluffs TIF Fund

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

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

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

### 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.

On September 10, 2013 the City issued \$4,240,000 in Refunding Certificates of Participation. The proceeds from the issuance of the Certificates were used to refund the City's 2004 Refunding Certificates totaling \$5,615,000. The new bond issue will decrease debt service payments by approximately \$1,724,804 and result in an economic gain of \$334,274.

The 2013 Refunding Certificates have interest rates ranging from 2.00% to 4.00% with interest due on April 1 and October 1 of each year. Final maturity of the Certificates is on April 1, 2016. The outstanding balance at December 31, 2013 was \$4,240,000.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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On March 24, 2011 the Board approved the issuance of \$2,225,000 in Refunding Certificates of Participation in order to refund the Series 2003 Public Facilities Authority Refunding bonds that were issued to refund the bonds issued to purchase the Fabick Property. The Series 2003 bonds carried interest rates ranging from 1.2% to 4.35% with a final payment scheduled for January 1, 2016. The Series 2011 Refunding Certificates of Participation carry interest at a rate of 2.0% and will be retired on January 1, 2015 or one year earlier than the Series 2003 bonds. The outstanding balance at December 31, 2013 was \$535,000.

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

<u>Year Ending December 31;</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,960,000	\$ 136,073	\$ 2,096,073
2015	1,470,000	81,200	1,551,200
2016	<u>1,345,000</u>	<u>26,900</u>	<u>1,371,900</u>
Totals	<u>\$ 4,775,000</u>	<u>\$ 244,173</u>	<u>\$ 5,019,173</u>

### NOTE 7 – PENSION PLAN

#### General City Employee Pension Plan

##### Plan Description

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

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

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

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### 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 2013 was 8.6% for general employees and 9.6% for police employees based on annual covered payroll. Since police services are contracted for with the St. Louis County Police Department, the City has no current LAGERS liability for police employees. The Board of the City determines the contribution requirements of plan members. The contribution provisions of the City are established by state statute.

### Annual Pension Cost

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

Annual required contribution	\$ 145,266
Interest on net pension obligation	4,734
Adjustment to annual required contribution	<u>(4,593)</u>
Annual pension cost	145,407
Actual contributions	<u>144,394</u>
Increase in net pension obligation	1,013
Net pension obligation at beginning of year	<u>65,295</u>
Net pension obligation at end of year	<u>\$ 66,308</u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back zero years for men and zero years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 29, 2012 was 11 years for the General division and 30 years for the Police division. A schedule of funding progress is included later in this report as required supplementary information.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### Three-Year Trend Information

<u>Fiscal Year Ending June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 190,004	83.0 %	\$ 54,222
2012	175,646	93.7	65,295
2013	145,407	99.3	66,308

As of February 28, 2013, the most recent actuarial valuation date, the plan was 108% funded. The actuarial accrued liability for benefits was \$5,011,607 and the actuarial value of assets was \$5,427,135, resulting in an overfunded accrued liability of \$415,528. The covered payroll (annual payroll of active employees covered by the plan) was \$1,591,485.

### Police Department Pension Plan

The City has a defined contribution retirement plan funded through the Equitable Life Assurance Society of the United States (Equitable). The plan was established by resolution of the Board on August 18, 1980. Due to discontinuance of local police salaries, no contributions were made for 2013.

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

### NOTE 8 – INTERFUND TRANSACTIONS

The following transfers were made during the year ended December 31, 2013:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 1,200,000
Capital Projects Fund	2,300,000	-
Storm Water/Parks Fund	-	2,895,267
RiverChase Debt Service Fund	1,550,867	-
Fabick Debt Service Fund	611,236	-
Gravois Bluffs TIF Fund	-	366,836

The City transferred resources from the General Fund, Storm Water/Parks Fund, and Gravois Bluffs TIF Fund to the Capital Projects Fund, RiverChase Debt Service Fund and Fabick Debt Service Fund to provide for debt service payments.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### NOTE 9 – CONCENTRATIONS

#### Police Services

The City contracts with the St. Louis County Police Department for police services. For the year ended December 31, 2013, the City paid a total of \$2,363,834 for such services. The contract was renewed during 2010 for a five-year period ending on December 31, 2015.

### NOTE 10 – CONTINGENCIES

As of December 31, 2013, 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.

### NOTE 11 – ACCOUNTING CHANGES AND NEW ACCOUNTING STANDARDS

In 2013, the City adopted (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of Statement 65 resulted in the reclassification of the beginning net position of the government-wide financial statements. The deferred charges for issuance costs were reclassified as expense of prior periods and resulted in the adjustment below:

Net position at January 1, 2013	\$ 65,832,229
Change in reporting for deferred charges for debt issuance costs	<u>(713,302)</u>
Net position at January 1, 2013, as restated	<u>\$ 65,118,927</u>

The City changed its accounting policies related to the availability period for revenue recognition in the governmental funds. In 2013, the City extended the availability period for property taxes from 120 days to 180 days. Management believes extending the availability period will improve consistency in revenue recognition by negating the effects of occasional delays in property tax distributions from St. Louis County.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No 27* will be effective for the City for the year ended December 31, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. Management is evaluating the impact of this Statement on the City's financial statements.

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 2,627,090	\$ 2,942,590	\$ 2,939,034	\$ (3,556)	\$ 2,634,712
Intergovernmental	283,500	281,000	268,631	(12,369)	271,896
Utility taxes	1,367,020	1,452,200	1,458,319	6,119	1,333,897
Other taxes	373,000	283,000	283,248	248	316,517
Fines and court costs	448,200	441,200	453,338	12,138	439,189
Charges for services	81,500	108,500	107,392	(1,108)	78,709
Investment income	14,000	7,500	9,875	2,375	10,484
Miscellaneous	96,000	87,000	88,086	1,086	90,239
Total revenues	<u>5,290,310</u>	<u>5,602,990</u>	<u>5,607,923</u>	<u>4,933</u>	<u>5,175,643</u>
Current expenditures					
Current					
Public safety	2,363,900	2,363,900	2,363,834	66	2,350,244
General government	1,470,850	1,444,210	1,392,539	51,671	1,446,070
Public works	1,090,500	975,500	896,198	79,302	1,129,131
Community development	217,580	217,580	205,007	12,573	239,915
Total expenditures	<u>5,142,830</u>	<u>5,001,190</u>	<u>4,857,578</u>	<u>143,612</u>	<u>5,165,360</u>
Excess of revenues over expenditures	147,480	601,800	750,345	148,545	10,283
Other financing sources (uses)					
Transfers in/(out)	-	(1,200,000)	(1,200,000)	-	-
Sale of assets	-	-	3,401	3,401	-
Total other financing uses	<u>-</u>	<u>(1,200,000)</u>	<u>(1,196,599)</u>	<u>3,401</u>	<u>-</u>
Net change in fund balance	147,480	(598,200)	(446,254)	151,946	10,283
Fund balance at beginning of year	<u>3,567,711</u>	<u>3,567,711</u>	<u>3,567,711</u>	<u>-</u>	<u>3,557,428</u>
Fund balance at end of year	<u>\$ 3,715,191</u>	<u>\$ 2,969,511</u>	<u>\$ 3,121,457</u>	<u>\$ 151,946</u>	<u>\$ 3,567,711</u>

See notes to required supplementary information.

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
Revenues					
Sales taxes	\$ 2,912,740	\$ 3,192,740	\$ 3,190,834	\$ (1,906)	\$ 2,943,458
Charges for service					
RiverChase	1,525,260	1,419,260	1,418,595	(665)	1,478,824
Parks and recreation fees	385,150	343,750	346,582	2,832	336,705
Investment income	6,280	6,280	6,017	(263)	9,701
Total revenues	<u>4,829,430</u>	<u>4,962,030</u>	<u>4,962,028</u>	<u>(2)</u>	<u>4,768,688</u>
Expenditures					
Current					
RiverChase	1,878,090	1,819,590	1,765,861	53,729	1,798,780
Parks and recreation	725,070	664,070	610,266	53,804	625,249
Storm water maintenance	63,000	39,500	35,340	4,160	30,007
Building maintenance	-	30,150	59,562	(29,412)	16,750
Total expenditures	<u>2,666,160</u>	<u>2,553,310</u>	<u>2,471,029</u>	<u>82,281</u>	<u>2,470,786</u>
Excess of revenues over expenditures	2,163,270	2,408,720	2,490,999	82,279	2,297,902
Other financing sources (uses)					
Transfers in/(out)	<u>(2,152,650)</u>	<u>(2,895,800)</u>	<u>(2,895,267)</u>	<u>533</u>	<u>(2,109,137)</u>
Net change in fund balance	10,620	(487,080)	(404,268)	82,812	188,765
Fund balance at beginning of year	<u>1,859,264</u>	<u>1,859,264</u>	<u>1,859,264</u>	<u>-</u>	<u>1,670,499</u>
Fund balance at end of year	<u>\$ 1,869,884</u>	<u>\$ 1,372,184</u>	<u>\$ 1,454,996</u>	<u>\$ 82,812</u>	<u>\$ 1,859,264</u>

See notes to required supplementary information.

# CITY OF FENTON, MISSOURI

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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### **Budgetary Information**

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

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

**CITY OF FENTON, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
EMPLOYEE PENSION PLAN - UNAUDITED**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability (UAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
2/28/2011	\$ 5,289,805	\$ 5,398,614	\$ 108,809	98%	\$ 1,972,001	6%
2/29/2012	5,445,345	5,321,632	(123,713)	102	1,843,295	
2/28/2013	5,427,135	5,011,607	(415,528)	108	1,591,485	

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

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
Revenues					
Grants	\$ 24,750	\$ 187,250	\$ 182,573	\$ (4,677)	\$ 1,659,832
Investment income	-	-	4,898	4,898	6,185
Total revenues	<u>24,750</u>	<u>187,250</u>	<u>187,471</u>	<u>221</u>	<u>1,666,017</u>
Expenditures					
Capital expenditures	<u>199,000</u>	<u>190,400</u>	<u>189,722</u>	<u>678</u>	<u>1,800,376</u>
Excess of revenues under expenditures	(174,250)	(3,150)	(2,251)	899	(134,359)
Other financing sources					
Transfers in	<u>-</u>	<u>2,300,000</u>	<u>2,300,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(174,250)	2,296,850	2,297,749	899	(134,359)
Fund balance at beginning of year	<u>4,723,185</u>	<u>4,723,185</u>	<u>4,723,185</u>	<u>-</u>	<u>4,857,544</u>
Fund balance at end of year	<u>\$ 4,548,935</u>	<u>\$ 7,020,035</u>	<u>\$ 7,020,934</u>	<u>\$ 899</u>	<u>\$ 4,723,185</u>

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
<b>Revenues</b>					
Sales taxes	\$ 3,974,000	\$ 2,584,500	\$ 2,584,427	\$ (73)	\$ 4,009,652
Intergovernmental	4,096,000	-	29	29	4,012,408
Utility tax	36,530	-	-	-	35,655
Investment income	156,000	15,000	15,313	313	53,161
Total revenues	<u>8,262,530</u>	<u>2,599,500</u>	<u>2,599,769</u>	<u>269</u>	<u>8,110,876</u>
<b>Expenditures</b>					
Current					
Administrative costs	80,000	-	-	-	-
Economic development	-	1,913,000	1,912,891	109	-
Debt service					
Principal	7,570,860	14,690,860	14,690,000	860	7,445,000
Interest	606,960	538,960	538,898	62	895,973
Trustee fees and issuance costs	4,710	9,550	9,539	11	4,704
Total expenditures	<u>8,262,530</u>	<u>17,152,370</u>	<u>17,151,328</u>	<u>1,042</u>	<u>8,345,677</u>
Excess of revenues under expenditures	-	(14,552,870)	(14,551,559)	1,311	(234,801)
Other financing sources					
Transfers in/(out)	-	(366,850)	(366,836)	14	-
Net change in fund balance	-	(14,919,720)	(14,918,395)	1,325	(234,801)
Fund balance at beginning of year	<u>14,918,395</u>	<u>14,918,395</u>	<u>14,918,395</u>	<u>-</u>	<u>15,153,196</u>
Fund balance at end of year	<u>\$ 14,918,395</u>	<u>\$ (1,325)</u>	<u>\$ -</u>	<u>\$ 1,325</u>	<u>\$ 14,918,395</u>

CITY OF FENTON, MISSOURI

ADDITIONAL SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 FENTON CROSSING TIF FUND  
 Years ended December 31,

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
<b>Revenues</b>					
Sales taxes	\$ 770,000	\$ 770,000	\$ 775,546	\$ 5,546	\$ 788,606
Intergovernmental	393,000	393,000	423,818	30,818	244,360
Utility tax	9,010	9,010	9,010	-	8,829
Investment income	15,000	15,000	1,434	(13,566)	2,212
Total revenues	<u>1,187,010</u>	<u>1,187,010</u>	<u>1,209,808</u>	<u>22,798</u>	<u>1,044,007</u>
<b>Expenditures</b>					
Debt service					
Principal	1,067,560	1,067,560	1,050,000	17,560	865,000
Interest	116,140	116,140	115,781	359	153,900
Trustee fees and issuance costs	3,310	3,310	2,732	578	2,717
Total expenditures	<u>1,187,010</u>	<u>1,187,010</u>	<u>1,168,513</u>	<u>18,497</u>	<u>1,021,617</u>
Net change in fund balance	-	-	41,295	41,295	22,390
Fund balance at beginning of year	<u>1,266,627</u>	<u>1,266,627</u>	<u>1,266,627</u>	-	<u>1,244,237</u>
Fund balance at end of year	<u>\$ 1,266,627</u>	<u>\$ 1,266,627</u>	<u>\$ 1,307,922</u>	<u>\$ 41,295</u>	<u>\$ 1,266,627</u>

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
Revenues					
Investment income	\$ 10,000	\$ -	\$ -	\$ -	\$ 5,252
Expenditures					
Professional Services	-	1,000	-	1,000	-
Debt service					
Principal	1,280,000	1,280,000	1,280,000	-	1,235,000
Interest	268,120	268,120	268,118	2	311,343
Trustee fees and issuance costs	3,510	89,010	86,903	2,107	3,510
Payments to escrow agent	-	1,317,000	1,317,000	-	-
Total expenditures	<u>1,551,630</u>	<u>2,955,130</u>	<u>2,952,021</u>	<u>3,109</u>	<u>1,549,853</u>
Excess of revenues under expenditures	(1,541,630)	(2,955,130)	(2,952,021)	3,109	(1,544,601)
Other financing sources (uses)					
Transfers in	1,541,630	1,551,630	1,550,867	(763)	1,507,878
Refunding bonds issued	-	4,240,000	4,240,000	-	-
Payment to refunded bond escrow agent	-	(4,312,000)	(4,311,530)	470	-
Bond premium	-	160,000	159,982	(18)	-
Total other financing sources (uses)	<u>1,541,630</u>	<u>1,639,630</u>	<u>1,639,319</u>	<u>(311)</u>	<u>1,507,878</u>
Net change in fund balance	-	(1,315,500)	(1,312,702)	2,798	(36,723)
Fund balance at beginning of year	<u>1,317,000</u>	<u>1,317,000</u>	<u>1,317,000</u>	-	<u>1,353,723</u>
Fund balance at end of year	<u>\$ 1,317,000</u>	<u>\$ 1,500</u>	<u>\$ 4,298</u>	<u>\$ 2,798</u>	<u>\$ 1,317,000</u>

CITY OF FENTON, MISSOURI

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

	2013			Variance with final budget positive (negative)	2012
	Original budget	Final budget	Actual		Actual
Revenues					
Investment income	\$ 570	\$ 570	\$ 1,398	\$ 828	\$ 167
Expenditures					
Debt service					
Principal	585,000	585,000	585,000	-	565,000
Interest	22,400	22,400	22,400	-	33,700
Trustee fees and issuance costs	4,190	4,190	3,842	348	2,560
Total expenditures	<u>611,590</u>	<u>611,590</u>	<u>611,242</u>	<u>348</u>	<u>601,260</u>
Excess of revenues under expenditures	(611,020)	(611,020)	(609,844)	1,176	(601,093)
Other financing sources					
Transfers in	611,020	611,020	611,236	216	601,259
Total other financing sources	<u>611,020</u>	<u>611,020</u>	<u>611,236</u>	<u>216</u>	<u>601,259</u>
Net change in fund balance	-	-	1,392	1,392	166
Fund balance at beginning of year	<u>222,484</u>	<u>222,484</u>	<u>222,484</u>	-	<u>222,318</u>
Fund balance at end of year	<u>\$ 222,484</u>	<u>\$ 222,484</u>	<u>\$ 223,876</u>	<u>\$ 1,392</u>	<u>\$ 222,484</u>