



## **CITY OF FENTON, MISSOURI**

### **FINANCIAL REPORT (AUDITED)**

**Year Ended December 31, 2015**



# 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, 2015, 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, 2015, 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.

## **Change in Accounting Principle**

As described in Note 11 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as amended by GASB No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents 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 additional supplementary information is presented for purposes of additional analysis and is 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016 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, Ehr & Braechel LLP*

St. Louis, Missouri  
May 20, 2016

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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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, 2015. 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, 2015, the City's assets and deferred outflows of resources exceeded liabilities by \$71,922,164. The City has unrestricted net position of \$16,953,801.
- Cash and investment balances as of December 31, 2015 were \$13,284,755 and current liabilities were \$458,829.
- Net position increased by \$2,037,570 during fiscal year 2015.
- Fund balances, which are a measure of current financial resources in the governmental funds, increased by \$1,842,860 to an ending balance of \$14,655,348. \$1,563,521 is unassigned in governmental funds and is available for future appropriation by the Board of Aldermen. Per the financial policies of the City, \$2,341,209 in fund balance is held in the General Fund as committed for emergencies, and \$1,364,825 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 \$3,939,426, or about 84% of 2015 operating expenditures. \$34,696 is non-spendable fund balance to be used to pay 2016 expenditures that were prepaid in December 2015, \$2,341,209 is held for emergencies as noted above, and \$1,563,521 is unassigned.
- The City's long-term outstanding debt was \$1,396,669. Of this amount \$1,360,482 is due on certificates of participation that were used to build RiverChase, remodel City Hall and make storm water improvements. Another \$36,187 is due to employees for compensated absences.

**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.

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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**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 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.

**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 2016 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.

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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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 2015:

1. General Fund
2. Storm Water/Parks Fund
3. Capital Projects Fund
4. RiverChase Debt Service Fund

All four funds are considered major funds and are reported separately in the fund financial statements.

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**

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City'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**  
**For The Year Ended December 31, 2015**

**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 \$71,922,164 at the end of fiscal year 2015.

The largest portion of the City's net position (\$54,968,362) 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.

A condensed version of the statement of net position is as follows:

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 16,878,137	16,400,732	477,405	2.91 %
Capital assets	56,301,052	57,381,992	(1,080,940)	(1.88)
Total assets	<u>73,179,189</u>	<u>73,782,724</u>	<u>(603,535)</u>	<u>(0.82)</u>
Deferred outflows of resources	<u>598,473</u>	<u>186,560</u>	<u>411,913</u>	<u>220.79</u>
Current and other liabilities	458,829	1,157,917	(699,088)	(60.37)
Long-term liabilities	1,396,669	2,926,773	(1,530,104)	(52.28)
Total liabilities	<u>1,855,498</u>	<u>4,084,690</u>	<u>(2,229,192)</u>	<u>(54.57)</u>
Net position				
Net investment in capital assets	54,968,362	54,628,542	339,820	0.62
Restricted	1	1	-	-
Unrestricted	<u>16,953,801</u>	<u>15,256,051</u>	<u>1,697,750</u>	<u>11.13</u>
Total net position	<u>\$ 71,922,164</u>	<u>69,884,594</u>	<u>2,037,570</u>	<u>2.92 %</u>

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,246,288	2,246,866	(578)	(0.03) %
Capital grants & contributions	352,232	68,282	283,950	415.85
General revenues:				
Sales taxes	7,118,831	6,741,545	377,286	5.60
Intergovernmental	226,513	512,880	(286,367)	(55.84)
Utility taxes	1,482,151	1,463,607	18,544	1.27
Other taxes	322,674	368,892	(46,218)	(12.53)
Investment income	34,753	35,185	(432)	(1.23)
Insurance recoveries	-	320,881	(320,881)	(100.00)
Gain on sale of capital assets	29,932	-	29,932	100.00
Other	63,050	71,236	(8,186)	(11.49)
Total revenues	<u>11,876,424</u>	<u>11,829,374</u>	<u>47,050</u>	0.40
Expenses				
General government	1,424,417	1,390,555	33,862	2.44
Community development	245,061	254,731	(9,670)	(3.80)
Economic development	-	115,456	(115,456)	(100.00)
Parks and recreation	3,028,940	2,914,523	114,417	3.93
Public safety	2,452,108	2,392,642	59,466	2.49
Public works	2,536,309	2,595,636	(59,327)	(2.29)
Storm water	36,704	2,927	33,777	1,153.98
Interest on long-term debt	115,315	214,209	(98,894)	(46.17)
Total expenses	<u>9,838,854</u>	<u>9,880,679</u>	<u>(41,825)</u>	(0.42)
Change in net position	2,037,570	1,948,695	88,875	4.56
Net position at beginning of year	69,884,594	65,367,715	4,516,879	6.91
Restatement	<u>-</u>	<u>2,568,184</u>	<u>(2,568,184)</u>	(100.00)
Net position at end of year	<u>\$ 71,922,164</u>	<u>69,884,594</u>	<u>2,037,570</u>	2.92 %

The beginning net position was restated during 2015 for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting for pension plans.

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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Some observations about 2015 revenues and expenses compared to 2014:

- Total revenues were up by \$47,050 or 0.4%. Revenues changed as follows:
  - Capital grants and contributions increased by \$283,950 or 415.85% mainly due to an increase in grant revenues for the Gravois Road project that began the design phase in 2015 and the completion of a trail project from 2014. The City also accepted two streets in 2015.
  - Sales taxes increased by \$377,286 or 5.6%. The General Fund sales tax increased by \$302,946 during 2015. The Storm Water/Parks sales tax increased \$252,171 during 2015. Due to the payoff of the Fenton Crossing TIF bonds in October 2014, the TIF sales tax decreased by \$177,831.
  - Intergovernmental revenues decreased by \$286,367 or 55.84% primarily due to the payoff the Fenton Crossing TIF Bonds. There was also a decrease in gasoline prices causing a reduction in the amount of fuel the St. Louis County police department purchased from the City.
  - Other taxes decreased by \$46,218 or 12.53% due to the receipt of past due amounts of road and bridge tax in 2014.
  - Insurance recoveries decreased by \$320,881 due to an insurance claim for storm damage that occurred in 2014. The roof at the RiverChase facility will be replaced during 2016 using these revenues.
  
- Total expenses were down by \$41,825 or 0.42%. This was due to the following items:
  - Economic development expense decreased \$115,456 due to the payoff of the Fenton Crossing TIF bonds in 2014. The remaining funds after the bonds were paid off were distributed to various taxing authorities.
  - Parks and recreation expenses increased \$114,417 or 3.93% due to increased maintenance projects in the parks and various other smaller increases.
  - Interest on long-term debt decreased \$98,894 or 46.17% due to the payoff of the Fenton Crossing TIF bonds and the Fabick bonds in 2014.

**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 2015, the City's governmental funds reported combined ending fund balances of \$14,655,348. This was an increase of \$1,842,860 in comparison with the prior year.

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 \$1,563,521, while total fund balance reached \$3,939,426. An amount equal to 50% of the annual expenditures, or \$2,341,209 of fund

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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balance has been committed for emergencies per the City's financial policies. The fund balance of the General Fund increased by \$909,552 during the current fiscal year. The increase is due to an increase in total revenues while expenditures decreased. During 2015, the City began charging 10% of the police services contract to the Storm Water/Parks Fund which totaled \$246,044. In 2014, the City transferred \$450,000 to the Capital Projects Fund for future projects and \$0 in 2015.

The Storm Water/Parks Fund balance increased \$234,346 during the fiscal year to \$1,960,199. Revenues increased \$373,080 due to an increase in sales tax and charges for services. Expenditures increased \$358,434 mainly due to the new policy of charging 10% of the police services contract to the Storm Water/Parks Fund and other increases in program expenditures. Transfers out decreased since the payoff of the Fabick bonds in 2014. There were transfers out of \$1,400,000 to the Capital Projects Fund and \$1,547,100 to the RiverChase Debt Service Fund in 2015.

The Capital Projects Fund balance increased \$698,962 during the current year to \$8,755,722. The Capital Projects Fund received transfers from the Storm Water/Parks fund in the amount of \$1,400,000 to fund future projects. The City has implemented a five year capital improvement plan and intends to spend these funds accordingly.

The RiverChase Debt Service Fund balance is \$1. This fund receives transfers from the Storm Water/Parks Fund to pay the bonds that were issued to build the RiverChase facility. The 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 \$200,300 mainly due to increased sales taxes. The budget for fines and court costs was reduced by \$127,000.

Expenditures were decreased \$457,332 mainly due to the new policy of charging 10% of the police services contract to the Storm Water/Parks Fund and various decreases in most departments including a significant reduction in the City's pension expenditures since the required contribution rate went from 7.3% to 4%.

**CAPITAL ASSETS**

As of December 31, 2015, the City's investment in capital assets was \$56,301,052 (net of accumulated depreciation), a decrease of \$1,080,940. Below is a 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**  
**For The Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 15,488,370	15,488,370	-	-
Construction in progress	113,031	69,382	43,649	62.91
Land improvements	960,680	916,964	43,716	4.77
Buildings	11,788,989	12,301,105	(512,116)	(4.16)
Building improvements	181,650	191,038	(9,388)	(4.91)
Machinery and equipment	450,194	498,432	(48,238)	(9.68)
Infrastructure	<u>27,318,138</u>	<u>27,916,701</u>	<u>(598,563)</u>	<u>(2.14)</u>
 Total capital assets, net	 <u>\$ 56,301,052</u>	 <u>57,381,992</u>	 <u>(1,080,940)</u>	 <u>(1.88) %</u>

**LONG-TERM DEBT**

At December 31, 2015, the total long-term debt of the City was as follows:

	<u>2015</u>	<u>2014</u>
Certificates of participation	\$ 1,345,000	2,815,000
Plus - premium	15,482	77,411
Compensated absences	<u>36,187</u>	<u>34,362</u>
 Total long-term debt	 <u>\$ 1,396,669</u>	 <u>2,926,773</u>

Total debt outstanding decreased by \$1,530,104 during 2015. More detailed information on the City's long-term debt is presented in Note 6 in the financial statements.

**2016 BUDGET**

**General Fund**

The 2016 budget, as adopted by the Board of Aldermen in December 2015, proposed revenues of \$5,206,700 and expenditures of \$5,069,196, with a projected operating income of \$137,504.

The 2016 budget calls for operating expenditures to increase by \$327,017 from the prior year's final budget. Public safety expenditures are budgeted for an increase of \$61,332 due to an increase in the contract with St. Louis County. As of October 1, 2015, the City implemented a pay plan for all full time employees which included immediate raises for various job positions to bring them in line with other local municipalities. All departments budgeted for a 3% salary increase for full time employees, although raises are based on performance evaluations with 3% being the maximum raise. Other expenditure accounts were reduced in an attempt to keep costs at a minimum.

**CITY OF FENTON, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended December 31, 2015**

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**Storm Water/Parks Fund**

The 2016 budget proposes revenues in this fund to be \$5,879,120 while expenditures will be \$4,258,596, with a projected operating income of \$1,620,524. Sales tax has increased significantly in the last few years due to the payoff of the Gravois Bluffs TIF bonds in 2013 and the Fenton Crossing TIF bonds in 2014. The Fabick bonds were paid off in 2014, and the RiverChase bonds are scheduled to make the final payment in 2016. The City is reviewing options on how to handle the surplus of future revenues in the Storm Water/Park Fund. The City is also working on a more detailed capital projects plan for the parks.

**Capital Projects Fund**

The 2016 budget proposes several purchases and large projects including Old Gravois Road – Phase One for \$1,400,000, which is expected to receive grant funds for partial reimbursement. The City budgeted to resurface various parking lots throughout the City for \$1,000,000, improvements to River Road for \$500,000, and \$420,000 for slab and sidewalk repairs throughout the City. There are various other projects, equipment replacement, and routine maintenance budgeted for 2016 from the Capital Projects Fund. The City has approved a five year capital improvements plan which includes many projects throughout the City as well as an equipment replacement schedule.

**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**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash and investments	\$ 13,280,027
Taxes receivable:	
Sales	1,326,593
Other	141,517
Utility	131,742
Other receivables	105,791
Interest receivable	24,160
Prepaid items	86,169
Restricted cash and investments	4,728
Net pension asset	1,777,410
Capital assets:	
Land and construction in progress	15,601,401
Other capital assets, net of accumulated depreciation	40,699,651
Total assets	<u>73,179,189</u>
<b>Deferred outflows of resources</b>	
Deferred charges on refunding	27,792
Deferred amounts related to pensions	570,681
Total deferred outflows of resources	<u>598,473</u>
<b>Liabilities</b>	
Accounts payable	154,423
Accrued interest payable	13,450
Accrued payroll	31,604
Deposits payable	67,933
Unearned revenue	191,419
Noncurrent liabilities:	
Due within one year	1,353,902
Due in more than one year	42,767
Total liabilities	<u>1,855,498</u>
<b>Net position</b>	
Net investment in capital assets	54,968,362
Restricted for debt service	1
Unrestricted	16,953,801
Total net position	<u>\$ 71,922,164</u>

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Net revenues (expenses) and change in net position</u>
		<u>Charges for services</u>	<u>Capital grants and contributions</u>	
<b>Governmental activities</b>				
General government	\$ 1,424,417	13,000	-	(1,411,417)
Community development	245,061	91,060	-	(154,001)
Parks and recreation	3,028,940	1,821,620	35,650	(1,171,670)
Public safety	2,452,108	320,608	-	(2,131,500)
Public works	2,536,309	-	316,582	(2,219,727)
Storm water	36,704	-	-	(36,704)
Interest on long-term debt	115,315	-	-	(115,315)
Total governmental activities	<u>\$ 9,838,854</u>	<u>2,246,288</u>	<u>352,232</u>	<u>(7,240,334)</u>
<b>General revenues</b>				
Sales taxes				7,118,831
Intergovernmental				226,513
Utility taxes				1,482,151
Other taxes				322,674
Investment income				34,753
Gain on sale of capital assets				29,932
Other				63,050
Total general revenues				<u>9,277,904</u>
<b>Change in net position</b>				2,037,570
<b>Net position at beginning of year, as restated</b>				<u>69,884,594</u>
<b>Net position at end of year</b>				<u>\$ 71,922,164</u>

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Storm Water/Parks Fund</u>	<u>Capital Projects Fund</u>	<u>RiverChase Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and investments	\$ 3,054,124	1,536,013	8,689,890	-	13,280,027
Taxes receivable:					
Sales	670,915	655,678	-	-	1,326,593
Other	141,517	-	-	-	141,517
Utility	131,742	-	-	-	131,742
Other receivables	44,644	-	61,147	-	105,791
Interest receivable	9,165	2,864	12,131	-	24,160
Prepaid items	34,696	51,473	-	-	86,169
Restricted cash and investments	4,727	-	-	1	4,728
	<u>\$ 4,091,530</u>	<u>2,246,028</u>	<u>8,763,168</u>	<u>1</u>	<u>15,100,727</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 62,492	84,485	7,446	-	154,423
Accrued payroll	23,135	8,469	-	-	31,604
Deposits payable	66,477	1,456	-	-	67,933
Unearned revenue	-	191,419	-	-	191,419
Total liabilities	<u>152,104</u>	<u>285,829</u>	<u>7,446</u>	<u>-</u>	<u>445,379</u>
<b>Fund balances</b>					
Nonspendable	34,696	51,473	-	-	86,169
Restricted for debt service	-	-	-	1	1
Committed for:					
Capital projects	-	-	8,755,722	-	8,755,722
Emergencies	2,341,209	1,364,825	-	-	3,706,034
Assigned for:					
RiverChase roof replacement	-	316,674	-	-	316,674
Storm water and parks	-	227,227	-	-	227,227
Unassigned	1,563,521	-	-	-	1,563,521
Total fund balances	<u>3,939,426</u>	<u>1,960,199</u>	<u>8,755,722</u>	<u>1</u>	<u>14,655,348</u>
	<u>\$ 4,091,530</u>	<u>2,246,028</u>	<u>8,763,168</u>	<u>1</u>	<u>15,100,727</u>
Total liabilities and fund balances	<u>\$ 4,091,530</u>	<u>2,246,028</u>	<u>8,763,168</u>	<u>1</u>	<u>15,100,727</u>

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

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Total fund balances - governmental funds \$ 14,655,348

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 56,301,052

Certain items are not financial resources and, therefore, are not reported in the governmental funds.

Net pension asset 1,777,410  
Deferred outflows related to pensions 570,681

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Accrued interest payable (13,450)  
Certificates of participation payable (1,345,000)  
Unamortized premium (15,482)  
Unamortized deferred charges on refunding 27,792  
Compensated absences (36,187)

Net position of governmental activities \$ 71,922,164

**CITY OF FENTON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Storm Water/Parks Fund	Capital Projects Fund	RiverChase Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Sales taxes	\$ 3,033,621	4,085,210	-	-	7,118,831
Intergovernmental	226,513	-	125,182	-	351,695
Utility taxes	1,482,151	-	-	-	1,482,151
Other taxes	322,674	-	-	-	322,674
Fines and court costs	320,608	-	-	-	320,608
Charges for services	104,060	1,821,620	-	-	1,925,680
Investment income	8,917	4,265	21,571	-	34,753
Miscellaneous	63,050	-	-	-	63,050
Total revenues	<u>5,561,594</u>	<u>5,911,095</u>	<u>146,753</u>	<u>-</u>	<u>11,619,442</u>
<b>Expenditures</b>					
Current:					
General government	1,312,298	-	-	-	1,312,298
Community development	189,897	-	-	-	189,897
Parks and recreation	-	2,446,901	-	-	2,446,901
Public safety	2,206,064	246,044	-	-	2,452,108
Public works	974,158	-	-	-	974,158
Storm water	-	36,704	-	-	36,704
Debt service:					
Principal	-	-	-	1,470,000	1,470,000
Interest	-	-	-	75,850	75,850
Trustee fees	-	-	-	1,250	1,250
Capital outlay	-	-	847,791	-	847,791
Total expenditures	<u>4,682,417</u>	<u>2,729,649</u>	<u>847,791</u>	<u>1,547,100</u>	<u>9,806,957</u>
<b>Revenues over (under) expenditures</b>	<u>879,177</u>	<u>3,181,446</u>	<u>(701,038)</u>	<u>(1,547,100)</u>	<u>1,812,485</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,400,000	1,547,100	2,947,100
Transfers out	-	(2,947,100)	-	-	(2,947,100)
Sale of capital assets	30,375	-	-	-	30,375
Total other financing sources (uses)	<u>30,375</u>	<u>(2,947,100)</u>	<u>1,400,000</u>	<u>1,547,100</u>	<u>30,375</u>
<b>Net change in fund balance</b>	909,552	234,346	698,962	-	1,842,860
<b>Fund balance at beginning of year</b>	<u>3,029,874</u>	<u>1,725,853</u>	<u>8,056,760</u>	<u>1</u>	<u>12,812,488</u>
<b>Fund balance at end of year</b>	<u>\$ 3,939,426</u>	<u>1,960,199</u>	<u>8,755,722</u>	<u>1</u>	<u>14,655,348</u>

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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Net change in fund balances - governmental funds \$ 1,842,860

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$2,071,913) exceeded capital outlays over the capitalization threshold (\$764,366) in the current period. (1,307,547)

The net effect of various transactions involving capital assets:

Cost of disposals, net of accumulated depreciation	(443)
Donated capital assets	227,050

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas most of these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Bond and certificates of participation principal payments	1,470,000
Amortization of bond premium and deferred charges	(49,240)

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

Accrued compensated absences	(1,825)
Accrued interest on long-term debt	11,025
Pension expense	(154,310)
	\$ 2,037,570

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**POLICE PENSION TRUST FUND**  
**DECEMBER 31, 2015**

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**Assets**

Deposits held with trustees

\$ 20,242

**Net position**

Held in trust for police pension benefits

\$ 20,242

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**POLICE PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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<b>Additions</b>	
Investment earnings	\$ 784
<b>Deductions</b>	
Administrative fees	<u>274</u>
<b>Change in net position</b>	510
<b>Net position at beginning of year</b>	<u>19,732</u>
<b>Net position at end of year</b>	<u><u>\$ 20,242</u></u>

See notes to financial statements.

**CITY OF FENTON, MISSOURI**  
**NOTES TO 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.

**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.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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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 balances, revenues and expenditures. 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.

The RiverChase Debt Service Fund accounts for resources accumulated for the payment of principal and interest on 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.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, 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.

**Cash 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.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Restricted Assets**

Restricted assets consist of cash and investments 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.

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

	<u>Years</u>
Building 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, 2015 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.

# CITY OF FENTON, MISSOURI

## NOTES TO BASIC FINANCIAL STATEMENTS

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### **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.

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

### **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 debt service fund reports restricted fund balance as all fund balance for this fund 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, 2015, the City reported the following items as committed fund balance:

Per Section 100 of the Financial Policies Manual, which was adopted by ordinance, 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 2015, General Fund and Storm Water/Parks Fund committed fund balances for emergency use were \$2,341,209 and \$1,364,825, respectively.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Committed Fund balance in the Capital Projects Fund has a balance of \$8,755,722. This represents the amount designated by the Board to be used for capital projects.

Assigned fund balance represents amounts that the City intends to use for specific purposes, but are neither restricted nor committed. As of December 31, 2015, the Storm Water/Parks Fund reported an assigned fund balance of \$227,227 for future operations and \$316,674 for a roof replacement at the RiverChase facility. Per the City's fund balance policy, the Financial Consultant shall determine the assigned fund balance.

Unassigned fund balance is the residual classification of fund balance for the General Fund only. As of December 31, 2015, this account had a balance of \$1,563,521.

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 2016 classes and memberships.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension and deferred charge on refunding reported on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not currently have any deferred inflows.

**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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments are reported at fair value.

**NOTE 2 - CASH AND INVESTMENTS**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of December 31, 2015, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Cash and Investments**

As of December 31, 2015, the City had the following cash and investments:

Cash and investments	Fair value	Maturities			Credit risk
		No maturity	Less than one year	1 - 5 years	
Certificates of deposit	\$ 5,977,373	-	4,990,297	987,076	N/A
Money market funds	1	1	-	-	Not rated
Federal agency notes	5,285,217	-	1,200,145	4,085,072	AAA
Total investments	11,262,591	1	6,190,442	5,072,148	
Deposits	2,018,664				
Cash on hand	3,500				
Total cash and investments	\$ 13,284,755				

**Investment Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy states that they minimize credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy states that they minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing primarily in shorter term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states that they minimize concentration of credit risk by diversifying the investment portfolio.

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). At December 31, 2015, the City had the following investments that were more than 5% of the City's total investments:

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Investment	Amount	Percent
Federal National Mortgage Association	\$ 1,200,145	10.7 %
Federal Home Loan Mortgage Corporation	4,085,072	36.3

**Custodial Credit Risk** is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial credit risk by prequalifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

**NOTE 3 – PROPERTY TAXES**

The City’s property tax is levied each October 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, 2015.

**NOTE 4 – INSURANCE PROGRAMS**

The City managed risks of loss related to employee life, health and disability, workers’ compensation, property, and liability by purchasing commercial insurance for the year ended December 31, 2015.

There was no significant reduction in insurance coverage during the year ended December 31, 2015 and settlement amounts have not exceeded insurance coverage for the current or three prior years.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

	Balance December 31 2014	Increases	Decreases	Balance December 31 2015
Capital assets not being depreciated:				
Land	\$ 15,488,370	-	-	15,488,370
Construction in progress	69,382	164,861	121,212	113,031
Total capital assets not being depreciated	15,557,752	164,861	121,212	15,601,401
Capital assets being depreciated:				
Land improvements	2,698,273	121,212	13,000	2,806,485
Buildings	21,631,399	-	-	21,631,399
Building improvements	288,893	-	-	288,893
Machinery and equipment	1,985,067	53,745	376,920	1,661,892
Infrastructure	55,357,792	772,810	-	56,130,602
Total capital assets being depreciated	81,961,424	947,767	389,920	82,519,271
Less - Accumulated depreciation for:				
Land improvements	1,781,309	77,496	13,000	1,845,805
Buildings	9,330,294	512,116	-	9,842,410
Building improvements	97,855	9,388	-	107,243
Machinery and equipment	1,486,635	101,540	376,477	1,211,698
Infrastructure	27,441,091	1,371,373	-	28,812,464
Total accumulated depreciation	40,137,184	2,071,913	389,477	41,819,620
Total capital assets being depreciated, net	41,824,240	(1,124,146)	443	40,699,651
Capital assets, net	\$ 57,381,992	(959,285)	121,655	56,301,052

Depreciation expense was charged to functions/programs of the City as follows for the year ended December 31, 2015:

Function	
General government	\$ 63,303
Community development	38,084
Public works	1,463,641
Parks and recreation	506,885
	\$ 2,071,913

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 6 – LONG-TERM DEBT**

As of December 31, 2015, the City has the following outstanding long-term liabilities:

	Balance December 31 2014	Additions	Deletions	Balance December 31 2015	Due within one year
Certificates of participation	\$ 2,815,000	-	1,470,000	1,345,000	1,345,000
Plus - premium	77,411	-	61,929	15,482	-
Compensated absences	34,362	105,150	103,325	36,187	8,902
Total	<u>\$ 2,926,773</u>	<u>105,150</u>	<u>1,635,254</u>	<u>1,396,669</u>	<u>1,353,902</u>

State statutes limit the amount of general obligation bonds a governmental entity may issue to 10% of its total assessed value. Based on a 2015 assessed value of \$368,688,255, the City's legal debt limit is \$36,868,826. 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.

**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 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, 2015 was \$1,345,000.

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

For The Years Ended December 31	Principal	Interest	Total
2016	<u>\$ 1,345,000</u>	<u>26,900</u>	<u>1,371,900</u>

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 7 – PENSION PLAN**

***Plan Description***

The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS’ responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS’ Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS’ website at [www.molagers.org](http://www.molagers.org).

***Benefits Provided***

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

**2015 Valuation**

Benefit multiplier	1.5% for life, plus 0.5% to age 65
Final average salary	3 years
Member contributions	Noncontributory for employees

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

***Employees Covered by Benefit Terms***

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>32</u>
Total	<u><u>118</u></u>

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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***Contributions***

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. The City contribution rates are 4.0% (General), and 9.6% (Police) of annual covered payroll.

***Net Pension Liability***

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

***Actuarial Assumptions***

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic Assets	6.50	7.50

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balance at June 30, 2014</b>	\$ 8,023,455	10,478,257	(2,454,802)
<b>Changes for the year:</b>			
Service cost	120,043	-	120,043
Interest	569,438	-	569,438
Difference between expected and actual experience	30,803	-	30,803
Contributions - employer	-	71,417	(71,417)
Net investment income	-	200,310	(200,310)
Benefit payments, including refunds	(464,328)	(464,328)	-
Administrative expense	-	(9,973)	9,973
Other changes	-	(218,862)	218,862
Net changes	<u>255,956</u>	<u>(421,436)</u>	<u>677,392</u>
<b>Balance at June 30, 2015</b>	<u>\$ 8,279,411</u>	<u>10,056,821</u>	<u>(1,777,410)</u>

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	(\$659,306)	(1,777,410)	(2,700,532)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2015, the employer recognized pension expense of \$207,665. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 111,368	-	111,368
Excess (deficit) investment returns	429,776	-	429,776
Contributions subsequent to the measurement date*	29,537	-	29,537
Total	<u>\$ 570,681</u>	<u>-</u>	<u>570,681</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**For The  
Years Ending  
December 31**

2016	\$ 177,373
2017	147,836
2018	138,028
2019	107,444
	<u>\$ 570,681</u>

**Payable to the Pension Plan**

At December 31, 2015, the City reported a payable of \$6,490 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 2015.

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, 2015:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
Capital Projects Fund	Storm Water/Parks Fund	\$ 1,400,000
RiverChase Debt Service Fund	Storm Water/Parks Fund	<u>1,547,100</u>
	Total	<u><u>\$ 2,947,100</u></u>

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

**NOTE 9 – POLICE SERVICES**

The City contracts with the St. Louis County Police Department for police services. For the year ended December 31, 2015, the City paid a total of \$2,460,444 for such services which included \$8,336 for court bailiff services. The contract was scheduled to expire December 31, 2015, and was renewed during 2015 for a five-year period ending on December 31, 2020.

**NOTE 10 – CONTINGENCIES**

As of December 31, 2015, 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.

**CITY OF FENTON, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 11 – RESTATEMENT OF NET POSITION**

The previously stated net position has been restated as follows:

	<u><b>Governmental Activities</b></u>
Net position, December 31, 2014, as previously reported	\$ 67,316,410
Restatement for GASB 68 implementation	<u>2,568,184</u>
Net position, December 31, 2014, as restated	<u><u>\$ 69,884,594</u></u>

**NOTE 12 – SUBSEQUENT EVENT**

In late December, the City and surrounding areas experienced record floods. In 2016, the City has been working tirelessly to clean up debris and restore City property that was damaged, and help residents and local businesses. Although the extent of the damage and loss is devastating, the City was fortunate to have this historic flooding only affect a portion of the City, while other local areas were not as fortunate. During 2016, there will be substantial expenditures and insurance claims related to the flooding. The City is in the process of applying for financial assistance from the Federal Emergency Management Agency (FEMA).

**CITY OF FENTON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Over (under) budget</u>
<b>Revenues</b>				
Sales taxes	\$ 2,770,000	3,033,500	3,033,621	121
Intergovernmental	274,000	220,800	226,513	5,713
Utility taxes	1,420,000	1,476,000	1,482,151	6,151
Other taxes	275,000	322,500	322,674	174
Fines and court costs	447,200	320,200	320,608	408
Charges for services	69,700	99,700	104,060	4,360
Investment income	7,000	7,000	8,917	1,917
Miscellaneous	80,500	64,000	63,050	(950)
Total revenues	<u>5,343,400</u>	<u>5,543,700</u>	<u>5,561,594</u>	<u>17,894</u>
<b>Expenditures</b>				
Current:				
General government:				
City administration	760,321	783,112	779,982	(3,130)
Board of Aldermen	37,690	37,690	37,562	(128)
City clerk	100,116	97,526	91,151	(6,375)
Municipal court	185,413	144,408	133,369	(11,039)
Finance	158,876	157,490	154,978	(2,512)
Information services	110,000	119,000	115,256	(3,744)
Community development	241,974	200,067	189,897	(10,170)
Public safety	2,460,444	2,206,065	2,206,064	(1)
Public works	1,144,677	996,821	974,158	(22,663)
Total expenditures	<u>5,199,511</u>	<u>4,742,179</u>	<u>4,682,417</u>	<u>(59,762)</u>
<b>Revenues over expenditures</b>	143,889	801,521	879,177	77,656
<b>Other financing sources</b>				
Sale of capital assets	-	30,375	30,375	-
<b>Net change in fund balance</b>	<u>\$ 143,889</u>	<u>831,896</u>	909,552	<u>77,656</u>
<b>Fund balance at beginning of year</b>			<u>3,029,874</u>	
<b>Fund balance at end of year</b>			<u>\$ 3,939,426</u>	

**CITY OF FENTON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - STORM WATER/PARKS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Over (under) budget</b>
<b>Revenues</b>				
Sales taxes	\$ 3,642,000	4,085,000	4,085,210	210
Charges for services:				
RiverChase	1,516,509	1,529,709	1,532,628	2,919
Parks and recreation	315,583	287,683	288,992	1,309
Investment income	1,400	4,250	4,265	15
Total revenues	5,475,492	5,906,642	5,911,095	4,453
<b>Expenditures</b>				
Current:				
Parks and recreation:				
RiverChase	1,822,612	1,828,325	1,808,091	(20,234)
Parks and recreation	639,910	617,712	605,808	(11,904)
Building maintenance	-	33,005	33,002	(3)
Police services	-	246,045	246,044	(1)
Storm water:				
Storm water maintenance	1,000	14,950	14,131	(819)
Flood expenditures	-	22,600	22,573	(27)
Total expenditures	2,463,522	2,762,637	2,729,649	(32,988)
<b>Revenues over expenditures</b>	3,011,970	3,144,005	3,181,446	37,441
<b>Other financing uses</b>				
Transfers out	(1,549,350)	(2,949,350)	(2,947,100)	(2,250)
<b>Net change in fund balance</b>	\$ 1,462,620	194,655	234,346	39,691
<b>Fund balance at beginning of year</b>			1,725,853	
<b>Fund balance at end of year</b>			\$ 1,960,199	

**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 CHANGE IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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<b>Total pension liability</b>	
Service cost	\$ 120,043
Interest on the total pension liability	569,438
Difference between expected and actual experience	30,803
Benefit payments	(464,328)
Net change in total pension liability	<u>255,956</u>
<b>Total pension liability at beginning of year</b>	<u>8,023,455</u>
<b>Total pension liability at end of year (a)</b>	<u><u>\$ 8,279,411</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 71,417
Pension plan net investment income	200,310
Benefit payments	(464,328)
Pension plan administrative expense	(9,973)
Other changes	(218,862)
Net change in plan fiduciary net position	<u>(421,436)</u>
<b>Plan fiduciary net position at beginning of year</b>	<u>10,478,257</u>
<b>Plan fiduciary net position at end of year (b)</b>	<u><u>\$ 10,056,821</u></u>
<b>Net pension liability (asset) at end of year (a-b)</b>	<u><u>\$ (1,777,410)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	121.47 %
Covered employee payroll (for February 28/29 valuation)	\$ 1,226,371
Net pension liability (asset) as a percentage of covered employee payroll	(144.93) %

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

**CITY OF FENTON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	For the fiscal years ended December 31									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined pension contribution	\$ 97,503	114,572	132,355	183,500	194,338	127,959	132,153	157,513	159,355	176,875
Contributions in relation to the actuarially determined contribution	53,426	97,253	117,346	172,490	158,489	147,953	132,153	136,227	145,584	160,695
Contribution deficiency	\$ 44,077	17,319	15,009	11,010	35,849	(19,994)	-	21,286	13,771	16,180
Covered employee payroll	\$ 1,335,656	1,332,230	1,364,485	1,834,997	1,886,776	1,999,354	2,064,890	2,128,552	1,967,352	1,987,360
Covered employee payroll contributions as a percentage of covered employee payroll	4.00%	7.30	8.60	9.40	8.40	7.40	6.40	6.40	7.40	8.09

Notes:

Valuation date:

Actuarial determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 14 to 16 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3.0% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other information:

There were no benefit changes during the year.

**CITY OF FENTON, MISSOURI**  
**ADDITIONAL SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Over (under) budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 1,141,600	125,150	125,182	32
Investment income	11,500	21,600	21,571	(29)
Total revenues	<u>1,153,100</u>	<u>146,750</u>	<u>146,753</u>	<u>3</u>
<b>Expenditures</b>				
Capital outlay	<u>2,913,550</u>	<u>852,610</u>	<u>847,791</u>	<u>(4,819)</u>
<b>Revenues under expenditures</b>	(1,760,450)	(705,860)	(701,038)	4,822
<b>Other financing sources</b>				
Transfers in	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (1,760,450)</u>	<u>694,140</u>	698,962	<u>4,822</u>
<b>Fund balance at beginning of year</b>			<u>8,056,760</u>	
<b>Fund balance at end of year</b>			<u>\$ 8,755,722</u>	

**CITY OF FENTON, MISSOURI**  
**ADDITIONAL SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RIVERCHASE DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Over (under) budget</b>
<b>Revenues</b>	\$ -	-	-	-
<b>Expenditures</b>				
Debt service:				
Principal	1,470,000	1,470,000	1,470,000	-
Interest	75,850	75,850	75,850	-
Trustee fees	3,500	3,500	1,250	(2,250)
Total expenditures	1,549,350	1,549,350	1,547,100	(2,250)
<b>Revenues under expenditures</b>	(1,549,350)	(1,549,350)	(1,547,100)	2,250
<b>Other financing sources</b>				
Transfers in	1,549,350	1,549,350	1,547,100	(2,250)
<b>Net change in fund balance</b>	\$ -	-	-	-
<b>Fund balance at beginning of year</b>			1	
<b>Fund balance at end of year</b>			\$ 1	