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**CITY OF CLAYTON, MISSOURI**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
*For The Fiscal Year Ended September 30, 2006*

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*Report prepared and submitted by the  
Finance Department*

## Contents

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	Page
<b>Part I - Introductory Section:</b>	
Letter Of Transmittal.....	i - vi
Principal Officials.....	vii
Organizational Chart .....	viii
Certificate Of Achievement For Excellence In Financial Reporting.....	ix
<b>Part II - Financial Section:</b>	
<b>Independent Auditors' Report.....</b>	<b>1 - 2</b>
<b>Management's Discussion And Analysis - Required Supplementary Information.....</b>	<b>3 - 11</b>
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement Of Net Assets.....	12
Statement Of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	14
Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Assets .....	15
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds.....	16
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances To The Statement Of Activities .....	17
Statement Of Net Assets - Proprietary Funds .....	18
Statement Of Revenues, Expenses And Changes In Fund Net Assets - Proprietary Funds .....	19
Statement Of Cash Flows - Proprietary Funds.....	20
Statement Of Fiduciary Net Assets - Fiduciary Funds .....	21
Statement Of Changes In Fiduciary Net Assets - Fiduciary Funds .....	22
Notes To Basic Financial Statements.....	23 - 56
<b>Required Supplementary Information - Budgetary Comparison Information</b>	
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - General Fund.....	57
Notes To Budgetary Comparison Information .....	58

## Contents

---

Page

### Part II - Financial Section (Continued):

#### Supplementary Information

Nonmajor Governmental Funds:.....	59 - 60
Combining Balance Sheets:	
Nonmajor Governmental Funds.....	61
Nonmajor Special Revenue Funds .....	62
Nonmajor Capital Projects Funds .....	63
Nonmajor Debt Service Funds.....	64
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances:	
Nonmajor Governmental Funds.....	65
Nonmajor Special Revenue Funds .....	66
Nonmajor Capital Projects Funds .....	67
Nonmajor Debt Service Funds.....	68
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual - Budget Basis:	
Special Taxing District Special Revenue Fund.....	69
Sewer Lateral Special Revenue Fund.....	70
Capital Improvement Project Capital Projects Fund .....	71
2002 Capital Project Bond Capital Projects Fund .....	72
2005 Bond Reserve Debt Service Fund.....	73
1993-94, 99 Bond Issue Debt Service Fund.....	74
2005 Bond Debt Service Fund .....	75
Major Governmental Funds - Budgetary Information: .....	76
Schedule Of Revenues, Expenditures And Changes In Fund Balance Budget And Actual - Budget Basis:	
Revolving Public Improvement Capital Projects Fund .....	77
Equipment Replacements Capital Projects Fund .....	78
Proprietary Funds: .....	79
Schedule Of Revenues, Expenses And Changes In Net Assets - Budget And Actual:	
Parking Facilities Enterprise Fund .....	80
Internal Service Fund .....	81
Fiduciary Funds:.....	82
Combining Statement Of Fiduciary Net Assets - Pension Trust Funds .....	83
Combining Statement Of Changes In Fiduciary Net Assets - Pension Trust Funds .....	84
Schedule Of Changes In Fiduciary Net Assets - Budget And Actual:	
Non-Uniformed Employees' Retirement Pension Trust Fund .....	85
City of Clayton Uniformed Employees' Pension Trust Fund .....	86

## Contents

---

	Page
<b>Part III - Statistical Section:</b>	
Net Assets By Component – Last Four Fiscal Years .....	87
Changes In Net Assets – Last Four Fiscal Years.....	88 - 89
Fund Balances – Governmental Funds – Last Four Fiscal Years .....	90
Changes In Fund Balances – Governmental Funds - Last Four Fiscal Years .....	91
Assessed Value And Actual Value Of Taxable Property - Last Ten Fiscal Years .....	92
Direct And Overlapping Property Tax Rates (Residential Only) Per \$100 Of Assessed Value - Last Ten Fiscal Years .....	93
Principal Property Tax Payers – Current Fiscal Year And Nine Fiscal Years Ago .....	94
Property Tax Levies And Collections - Last Ten Fiscal Years .....	95
Ratios Of Outstanding Debt By Type - Last Ten Fiscal Years .....	96
Ratios Of General Bonded Debt Outstanding - Last Ten Fiscal Years .....	97
Direct And Overlapping Governmental Activities Debt.....	98
Legal Debt Margin Information – Last Ten Fiscal Years .....	99
Pledged Revenue Coverage - Last Ten Fiscal Years .....	100
Demographic And Economic Statistics – Last Ten Calendar Years.....	101
Principal Employers – Current Fiscal Year And Nine Fiscal Years Ago .....	102
Full-Time Equivalent City Government Employees By Function/Program - Last Ten Fiscal Years.....	103
Operating Indicators By Function/Program - Last Four Fiscal Years .....	104
Capital Asset Statistics By Function/Program- Last Ten Fiscal Years .....	105

**CITY OF CLAYTON, MISSOURI**

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**INTRODUCTORY SECTION**



## The City of Clayton

10 N. Bemiston Avenue • Clayton, Missouri 63105-3397 • (314) 727-8100 • FAX: (314) 863-0295 • TDD: (314) 290-8435

January 31, 2007

To the Honorable Mayor and Board of Aldermen:

The Comprehensive Annual Financial Report (CAFR) of the City of Clayton, Missouri, for the fiscal year ended September 30, 2006, is herewith submitted for your review. The information presented in the CAFR is the responsibility of the City's management. The report was prepared by the Finance Department, which believes that the financial statements, supporting schedules, and statistical information fairly present the financial condition of the City. We further believe that all presented data is accurate in all aspects and that all necessary disclosures have been included to enable the reader to gain a reasonable understanding of the City's financial affairs.

### **REPORTING STANDARDS AND FORMATS**

The format of this report incorporates three main sections: introductory, financial, and statistical. The introductory section includes an explanation about the City's accounting system and budgetary controls, a description of the City, including services provided, the City's governmental organization and a brief discussion about the City's economic condition and outlook. The financial section presents the independent auditors' report, Management's Discussion and Analysis, government-wide financial statements, fund financial statements, notes to basic financial statements, budgetary comparison information and supplemental combining and individual statements and schedules. The statistical section, which is not audited but is in compliance with GASB 44, displays financial and general information on a multi-year comparative basis. This is the first year the City of Clayton has reported statistics using GASB 44 guidelines.

This is the fourth year that the City has presented its Comprehensive Annual Financial Report (CAFR) under the reporting model required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The format and a description of these reports are addressed in the Management's Discussion and Analysis (MD&A) and in the notes to the financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The diversity of governmental operations and the necessity for legal compliance preclude recording and summation of all financial transactions in a single accounting entity. The City's accounting system is therefore organized and operated on a fund basis, wherein each fund is a distinct and separate self-balancing entity.

The City's financial records utilize two bases of accounting. The modified accrual basis is utilized by governmental funds. Under this basis, revenues are recognized when measurable and available, and expenditures are recorded when the fund liability is incurred, except for interest on long-term debt.

The accrual basis of accounting is utilized by the proprietary and pension trust funds. Consideration is given to the adequacy of internal accounting controls governing the financial transactions and records of the City.

Internal controls are designed and developed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed and recorded in line with management's policy and generally accepted accounting principles.

Budgetary control is maintained at the departmental and fund levels partially through the use of an encumbrance system. Monies of respective accounts are encumbered as purchase orders so that budgeted appropriations may not be overspent without proper approval. Open encumbrances at year-end are reported as reservations of the fund balance.

### **THE REPORTING ENTITY AND ITS SERVICES**

The City of Clayton was incorporated in 1913. Its borders encompass 2.54 square miles. The City has a population of 15,935 and serves as the governmental seat for St. Louis County, Missouri. The governing body consists of an elected six-member Board of Aldermen and Mayor who collectively appoint a City Manager to administer daily operations.

The City provides a full range of municipal services including public works, parks and recreation, public safety, community development and general administration.

All funds included in this CAFR reflect the above municipal services and subsequent services of the City.

### **FIDUCIARY DUTIES**

One of the fiduciary duties carried out by the City is pension management. Eligible City employees participate in one of two single-employer pension plans. These plans are the City of Clayton Uniformed Employees Retirement Fund and the Non-Uniformed Employees Retirement Fund.

Effective January 1, 1994, the City revised the previously existing uniformed employee defined benefit and defined contribution plans, and combined these plans into a single defined benefit plan, Uniformed Employees Retirement Fund. The City contributes an actuarially determined amount to meet current costs and the amortization of past service liability.

The Non-Uniformed Employees Retirement Fund is a defined benefit plan in which employees normally contribute 3% of their salary and the City contributes an actuarially determined amount to the plan. The plan has exceeded 100% funding for several years. Since 1991, the City has chosen to suspend the employee contribution and in December 2004, the City suspended voluntary employer contributions.

## **RISK MANAGEMENT**

*Internal Service Fund* - All insurance expenses for the City are recorded in the Insurance Fund. These expenses include general liability, property, and employee related insurance such as life, health, workers' compensation, etc. After being insured for general liability through a state-wide insurance pool for a number of years, the City switched to the St. Louis Area Insurance Trust (SLAIT) effective January 1, 2005. After being self-insured since 1991, and in an effort to limit its financial exposure, the City also chose SLAIT to insure for workers compensation coverage effective May 20, 2005. Additional information is provided in the notes to basic financial statements. There are no residual liabilities from the previous self-insurance workers' compensation program as of September 30, 2006. There are no residual liabilities with the previous general liability insurance pool.

## **DEBT ADMINISTRATION**

At year-end, government-wide debt was \$30,584,483 (excluding the deferred amount on refunding of \$641,300 and compensated absences of \$238,007) consisting of a special assessment with governmental commitment, general obligation bonds, special obligation bonds, capital leases and an intergovernmental agreement with St. Louis County for the Shaw Park Parking Facility. The City refunded the 1997 and 1998 special obligation bond issue in 2005 and will realize approximately \$692,000 of savings over the remaining life of the 2005 bond issue.

## **CASH MANAGEMENT**

Cash of the governmental, proprietary, and internal service funds, temporarily not used in operations, is invested in collateralized or insured overnight funds, certificates of deposit backed by United States agencies or Treasury obligations. Unless matched to a specific cash flow, the City will not invest in securities maturing more than three years from the date of purchase, and have not done so unless circumstances warranted other consideration. Yields earned from these investments ranged from 2.65% to 5.40%. The Federal Reserve Bank has increased the overnight Federal funds rate in FY2006 from 3.62% to 5.25%. These rate adjustments have had a positive impact on the interest income the City realized on certificate of deposit investments.

Longer-term investments of corporate bonds, stocks, and U.S. Government Agency and Treasury obligations and securities are utilized for cash and investments in the Non-Uniformed Employees and Uniformed Employees Retirement Funds. The Non-Uniformed Employees Retirement plan funded ratio increased from 100.38% to 101.68%. This small increase in funding level is due to a combination of favorable investment results according to the actuarial valuation report dated July 1, 2005, and no employer or employee contributions. The Uniformed Employees Retirement plan funded ratio increased from 81.2% to 82.8% due primarily to both employer and employee contributions and moderately favorable investment results according to the actuarial valuation report dated January 1, 2006.



## **ECONOMIC EVENTS AND THE FUTURE**

Within two and a half square miles, Clayton blends a bustling business district with an outstanding housing mix. The central business district (CBD) combines approximately 7,000,000 square feet of prestigious office space with the vitality of more than 1,000,000 square feet in retail space. Clayton's charming residential neighborhoods provide a mix of housing, to include single-family homes, condominiums and multi-family apartment dwellings. Much of the residential area is within walking distance of the CBD or neighborhood retail districts that include specialty boutiques, flower shops, restaurants, dry cleaners, fitness facilities and cafes. In addition to the thriving business district and strong residential neighborhoods, the City has also devoted more than 70 acres of green space to passive and active park areas. Included in these resources is the Center of Clayton, a multi-use recreational facility with the Clayton School District.

Clayton's location within the region further strengthens the City's attractiveness to residents, businesses and visitors. As the Seat for St. Louis County, many St. Louis County residents come to Clayton on a daily basis to do business in the many County offices. The recent opening of MetroLink, the region's light-rail system through Clayton provides easy and quick access to downtown St. Louis, the airport and parts of south St. Louis County. A regional bus transfer station that is connected to the Central Avenue MetroLink stations provides public transportation access to most of the region. Finally, Clayton's proximity to numerous interstates and major County arterials allows residents and businesses to drive to the airport, downtown St. Louis or other major attractions within 15 minutes—showing that Clayton is in a central location to most of the region.

The location and infrastructure of Clayton's central business district has attracted several major corporations to locate their headquarters in our community. Clayton is home to large companies like Enterprise Rent-A-Car, Brown Shoe Group, Centene Corporation, Rehab Care Group, Graybar, Barry-Wehmiller Companies, and Olin Corporation. In addition, many of the region's largest banks, title companies and law firms are located in the City's CBD. Over 35,000 individuals come to Clayton on a daily basis to work at these and other companies. In turn, numerous specialty retail shops and more than 60 restaurants are located in the CBD to provide services to these workers.

The Clayton office and retail market continues to be one the steadiest submarkets in the St. Louis area. Vacancy rates for the last three years have continued to be one of the lowest in the region. In fact Class A office vacancy space is the lowest in the area, hovering around 8% for the last 15 months.

Clayton continues to process and approve plans for major developments. In September 2005, the City approved plans for the Crescent, an upscale 9-story residential building with 71 condominiums and more than 26,000 square feet of retail space. This new project is located across from the Plaza in Clayton and adjacent to the Ritz-Carlton on property that had been vacant for approximately 15 years. Construction is expected to be completed by 2008.

To the Honorable Mayor and Board  
Of Aldermen  
City of Clayton, Missouri

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In December 2005, the City approved a proposal from the Centene Corporation to expand its corporate headquarters in Clayton. With the purchase of the former Library Limited building, which was vacant for more than five years. Centene made way for the two office towers proposed for the area along Hanley Road between Forsyth Boulevard and Carondelet Avenue. Centene also purchased an underutilized, City-owned parking facility for \$4.2 million. The \$195 million expansion project will add approximately 800 jobs to the staff of 300 currently working in the company's Clayton headquarters. Understanding the importance of retaining a major corporation in the region, the City will provide tax abatement. The project is expected to be built over the next five years.

The City continues to experience solid growth in its overall assessed valuation. Since 1994, the City's total assessed valuation has increased by 82%. This growth is further shown by the significant increases in new residential homes, condominium conversions, home remodeling/additions, and new condominium buildings. In fact, since 2003, more than \$200 million has been spent on such residential improvements.

#### **AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Clayton for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Clayton has received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1987-2005). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

#### **INDEPENDENT AUDIT**

The City's policy is to have the financial statements of the City audited annually by an independent Certified Public Accountant. The City has complied with this policy for fiscal year 2006 and the independent auditors' report is included with this CAFR.

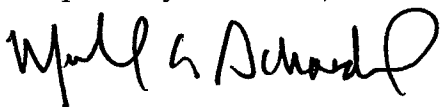
To the Honorable Mayor and Board  
Of Aldermen  
City of Clayton, Missouri

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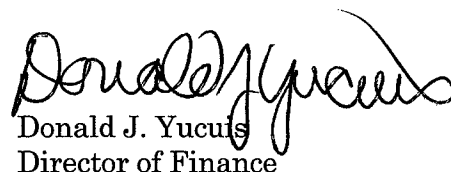
## ACKNOWLEDGEMENTS

The quality and timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the Mayor and Board of Aldermen, City Staff, and RubinBrown LLP.

Respectfully submitted,



Michael A. Schoedel  
City Manager



Donald J. Yucis  
Director of Finance

**CITY OF CLAYTON, MISSOURI**

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**PRINCIPAL OFFICIALS**

**Mayor** ..... Benjamin Uchitelle

**Aldermen:**

..... Judy R. Goodman  
..... Linda Goldstein  
..... Alex Berger, III  
..... Steven E. Lichtenfeld  
..... Michelle Harris  
..... Beverly A. Wagner

**City Manager**..... Michael A. Schoedel

**Citizens of Clayton**

**Mayor & Aldermen**

**Mark Kruger  
Municipal Judge**      **Mike Schoedel  
City Manager**      **Boards & Commissions**

Judy Kekich  
Communications Coordinator

Eric Sterman  
Management Analyst

June Waters  
Executive Secretary/City Clerk

**Kevin O'Keefe  
City Attorney**

Darold Crotzer  
Prosecuting Attorney

**Lenore Toser-Aldaz  
Deputy City Manager**

Carlye Lehnen  
Human Resources Coordinator

**Wil Dieken  
Director of MIS**

**Patty DeForrest  
Director of Parks & Recreation**

**Paul Wojciechowski  
Public Works Director**

**Catherine Powers  
Director of Planning & Development**

**Don Yucuis  
Finance Director**

**Mark Thorp  
Fire Chief**

**Tom Byrne  
Police Chief**

Kathy Scott  
Assistant City Clerk

- Clayton Recreation, Sports and Wellness Commission
- Architectural Review & Plan Commission
- Board of Adjustment
- Board of Appeals
- Art Commission
- Ecology & Environmental Awareness
- Economic Development Advisory
- Hanley House
- Housing Task Force
- Landscape
- Non-Uniformed Pension
- Uniformed Pension
- Parks & Recreation Board
- Strategic Issues

Dashed line represents additional relationship

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Clayton  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF CLAYTON, MISSOURI**

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**FINANCIAL SECTION**

## Independent Auditors' Report

The Honorable Mayor and Board  
of Aldermen  
City of Clayton, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of City of Clayton, Missouri, (the City) as of and for the year ended September 30, 2006, which collectively comprise the City of Clayton, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



The Management's Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*RubinBrown LLP*

December 18, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Clayton, Missouri (the City) presents this narrative overview and analysis to assist our readers in reviewing and understanding the accompanying annual financial statements for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the additional information that we have furnished in the letter of transmittal which can be found on pages i-vi of this report.

### **Financial Highlights**

- The net assets of the City at the close of the most recent fiscal year were \$45,389,312; an increase of \$3,767,063 from the prior year. Governmental Activities increased \$1,849,197 and business activities increased \$1,917,866. Of this amount, \$24,217,948 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds on page 14 reported a combined ending fund balance of \$15,709,382, a decrease of \$285,225 in comparison to the prior year. Approximately 84% of the total amount, or \$13,179,803, is available for spending at the City's discretion.

### **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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

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

The government-wide financial statements are designed to provide readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities. Note that the government-wide financial statements exclude fiduciary activities (Pension Trust Funds).

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as transactions occur, regardless of when the related cash flows are reported. Therefore, some revenues and expenses included in this statement may reflect cash flows that 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. The governmental activities include general government, public safety, highways and streets, parks and recreation, and community development, and 2) *business-type activities* that are supported with user fees and charges. The business-type activity includes all City-owned and managed parking facilities.

The government-wide financial statements can be found on pages 12 through 13 of this report.

### **Fund Financial Statements**

Funds are used in government accounting to separate resources that are 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 funds for the City can be divided into three categories: governmental, proprietary and fiduciary funds.

### **Governmental Funds**

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

The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compile the long-term resources and liabilities for the government-wide statements with the current picture presented in the fund statements.

The City utilizes the following major governmental funds:

- General
- Revolving Public Improvement
- Equipment Replacement

The larger funds are presented as major funds while the other funds are presented in the combining statements for non-major funds. A description of the major funds can be found on page 24 in the notes to the financial statements. Both major and non-major fund statements include a balance sheet and statement of revenues, expenditures and changes in fund balances.

Clayton adopts an annual budget for all funds except the Police Forfeiture and Police Officer Standards Training Fund, Firefighter Assistance Grant Fund, 1997-98 Capital Project Bond Fund, 401(k) Plan Fund and the Redevelopment Forsyth/Hanley Road Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget. Budgetary comparisons for the general fund can be found on pages 57 and 58 in the required supplementary information. All other major and non-major funds budgetary comparisons can be found in the supplementary information section starting on page 59.

### **Proprietary Funds**

Clayton's *proprietary fund* types consist of an enterprise fund, which is the Parking Facilities Revenue Fund and an internal service fund, which is the Insurance Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements may be found on pages 18 through 20.

### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City is the trustee for the Uniformed and Non-Uniformed Employee Retirement plans. Each plan has a separate board of trustees that has fiduciary responsibility for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements may be found on pages 21 and 22.

### **Notes To Basic Financial Statements**

Notes provide additional information that is essential to a full understanding of the information included in the government-wide and fund financial statements. Notes provide additional details about the balances and transactions in the City's financial statements and may be found on pages 23 through 56.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 57 and 58 of this report.

### **Supplementary Information**

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59 through 86 of this report.

## Government-wide Financial Analysis

This is the fourth year that the City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Therefore, a comparative analysis of government-wide data is included in this report.

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$45,389,312 at the close of the most recent fiscal year, an increase of \$3,767,063.

A major portion of the City of Clayton's net assets are invested in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets which total \$18,277,779 or 40% of total net assets. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net assets of \$24,217,948 is another major portion of the City's net assets (53%) that may be used to meet on-going obligations to citizens and creditors.

### City of Clayton's Net Assets

	Governmental Activities		Business Type Activity		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 18,779,398	\$ 18,666,584	\$ 10,513,658	\$ 6,590,547	\$ 29,293,056	\$ 25,257,131
Capital assets	34,607,971	34,781,509	13,730,986	16,045,031	48,338,957	50,826,540
<b>Total Assets</b>	<b>53,387,369</b>	<b>53,448,093</b>	<b>24,244,644</b>	<b>22,635,578</b>	<b>77,632,013</b>	<b>76,083,671</b>
Current liabilities	1,956,561	1,437,534	104,950	94,504	2,061,511	1,532,038
Noncurrent liabilities	25,994,283	28,423,231	4,186,907	4,506,153	30,181,190	32,929,384
<b>Total Liabilities</b>	<b>27,950,844</b>	<b>29,860,765</b>	<b>4,291,857</b>	<b>4,600,657</b>	<b>32,242,701</b>	<b>34,461,422</b>
Net assets						
Invested in capital assets, net of related debt	8,732,202	6,595,418	9,545,577	11,540,026	18,277,779	18,135,444
Restricted	2,613,411	2,512,962	280,174	283,450	2,893,585	2,796,412
Unrestricted	14,090,912	14,478,948	10,127,036	6,211,445	24,217,948	20,690,393
<b>Total Net Assets</b>	<b>\$ 25,436,525</b>	<b>\$ 23,587,328</b>	<b>\$ 19,952,787</b>	<b>\$ 18,034,921</b>	<b>\$ 45,389,312</b>	<b>\$ 41,622,249</b>

The Statement of Activities is the second statement in the government-wide statements. The following table outlines the major components of this statement.

### City of Clayton's Statement of Activities

	Governmental Activities		Business-type Activity		Total Primary Government	
	2006	2005	2006	2005	2006	2005
<b>Program Revenues:</b>						
Charges for services	\$ 3,825,043	\$ 3,652,045	\$ 1,486,560	\$ 1,595,313	\$ 5,311,603	\$ 5,247,358
Operating grants	924,132	1,680,413	—	—	924,132	1,680,413
<b>General revenues:</b>						
Property tax	6,135,030	4,707,073	—	—	6,135,030	4,707,073
Sales tax	5,934,900	5,706,839	—	—	5,934,900	5,706,839
Utility tax	4,890,845	4,553,878	—	—	4,890,845	4,553,878
Other taxes	554,595	—	—	—	554,595	—
Investment earnings	665,054	329,421	367,140	140,936	1,032,194	470,357
Gain on sale of capital assets	70,222	—	2,243,132	—	2,313,354	—
Other general revenues	220,455	384,644	—	—	220,455	384,644
<b>Total Revenues</b>	<b>23,220,276</b>	<b>21,014,313</b>	<b>4,096,832</b>	<b>1,736,249</b>	<b>27,317,108</b>	<b>22,750,562</b>
<b>Program Expenses:</b>						
General government	4,253,478	4,706,827	—	—	4,253,478	4,706,827
Public safety	8,660,970	8,198,773	—	—	8,660,970	8,198,773
Streets and highways	4,530,039	4,530,110	—	—	4,530,039	4,530,110
Parks and recreation	2,865,602	2,211,655	—	—	2,865,602	2,211,655
Community development	975,774	528,627	—	—	975,774	528,627
Interest on long-term debt	989,693	861,255	—	—	989,693	861,255
Parking facility	—	—	1,274,489	1,247,961	1,274,489	1,247,961
<b>Total Program Expenses</b>	<b>22,275,556</b>	<b>21,037,247</b>	<b>1,274,489</b>	<b>1,247,961</b>	<b>23,550,045</b>	<b>22,285,208</b>
Excess (deficiency) before transfers	944,720	(22,934)	2,822,343	488,288	3,767,063	465,354
Transfers	904,477	390,576	(904,477)	(390,576)	—	—
Change in net assets	1,849,197	367,642	1,917,866	97,712	3,767,063	465,354
Net Assets - Beginning of Year	23,587,328	23,773,230	18,034,921	17,937,209	41,622,249	41,710,439
Prior Period Adjustment	—	(553,544)	—	—	—	(553,544)
Net Assets - Beginning of Year, As Restated	23,587,328	23,219,686	18,034,921	17,937,209	41,622,249	41,156,895
<b>Net Assets - End of Year</b>	<b>\$ 25,436,525</b>	<b>\$ 23,587,328</b>	<b>\$ 19,952,787</b>	<b>\$ 18,034,921</b>	<b>\$ 45,389,312</b>	<b>\$ 41,622,249</b>

The City's overall net assets increased \$3,767,063 during the current fiscal year. Fiscal year 2006 revenues totaling \$27,317,108 are \$4,566,546 more than fiscal year 2005. Program revenues totaling \$6,235,735 are \$692,036 less than fiscal year 2005 and due to a reduction in one-time operating grants. General property tax revenue is 22% of the total and increased by \$1,427,957 to \$6,135,030. This was due to an increase in the tax rate to the maximum allowable. Sales and utility tax revenue is 40% of the total and increased \$565,028 to \$10,825,745. Program expenses totaling \$23,550,045 were \$1,264,837 more than fiscal year 2005. This increase is mainly a result of three different program expenses. Public safety increased \$462,197 due to repairs and maintenance that were not capitalized because they did not add to the value of an asset or extend its life. Parks and recreation increased \$653,947 due to noncapital projects and renovations in the parks and ball fields. Interest on long-term debt increased by \$128,438, due to scheduled interest payments on outstanding debt.

### **Financial Analysis of the Government's Funds**

The fund statements present the City's financial information in a more detailed format. Fund statements provide important information about the City's compliance with laws and regulations that define the local government environment in Missouri. The measurement principles in the governmental fund statements are also different than the government-wide statements. Fund statements focus on current and short-term resources, while government-wide statements present the long-term view.

### **Governmental Funds**

The City's total governmental funds, as shown on page 14, at the end of the current fiscal year, reported an ending fund balance of \$15,709,382, a decrease of \$285,225 in comparison with the prior year. Approximately 84% of this total amount, or \$13,179,803, constitutes *unreserved fund balance*, which is available for spending at the City's discretion. Although the Equipment Replacement Fund has an unreserved balance, if those funds were used, then alternative sources of revenue would need to be found to pay for equipment purchased in the future. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$248,355) and 2) to pay debt service (\$2,281,224). The governmental funds may be viewed on pages 14 through 17.

The General Fund is the main operating fund of the City. At the end of the current year, unreserved fund balance was \$8,324,588, while total fund balance reached \$8,328,683. Unreserved fund balance represents 49% of total General Fund expenditures and transfers out. The City's General Fund minimum reserve policy level is 25% of expenditures and transfers. The City's General Fund balance increased \$1,240,082, primarily due to an increase of approximately \$800,000 in property taxes and the increases in licenses and permits, public utility licenses, community programs, fines and forfeiture.

The entire Revolving Public Improvement Fund Balance totaling \$1,801,767 is unreserved. The net decrease in fund balance of \$667,356 was again due to planned expenses for streets projects. Transfers in of \$496,431 are from the Parking Fund and transfers out of \$1,011,509 are to pay for a portion of the debt service on the Series 1999 and 2002 bond issues.

The Equipment Replacement Fund has a total fund balance of \$2,649,175. Almost the entire fund balance is unreserved but intended for the replacement of all the vehicles and large dollar equipment in the City. The funding source is from a charge-back to the Revolving Public Improvement Fund.

## **Proprietary Funds**

The fund statements for the proprietary funds look much like the business-type activity in the government-wide statements. Proprietary fund financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statement to the government-wide statement. Proprietary fund information may be found on pages 18 through 20.

Unrestricted net assets for the Parking (enterprise) Fund increased \$3,915,591 to \$10,127,036 mainly due to the sale of the Carondelet Parking Facility. Total net assets of the Parking Fund increased \$1,917,866 to \$19,952,787. The entire net assets of the Insurance (internal service) Fund are unrestricted and total \$523,300, a decrease of \$49,026.

## **General Fund Significant Variances - Budget and Actual**

Pages 57 and 58 summarizes the General Fund budget to actual results. There were differences between the original and final budget for revenues and expenditures in the General Fund. As stated earlier, the City's policy on General Fund balance is a minimum of 25% of expenditures and transfers. The current balance is 49% of expenditures and transfers.

Overall, the net change in fund balance on the budget basis was an increase of \$1,239,963. Actual General Fund revenue was \$922,273 or 5.4% more than the final budget and is due to a conservative budgeting philosophy.

The actual General Fund expenditures were \$98,796 or .6% less than the final budget. Public Safety accounted for the majority of the under budget amount and is due to savings in personnel costs.

## **Capital Asset and Debt Administration**

**Capital assets:** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2006 totaled \$48,338,957 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvement other than buildings, machinery/equipment, infrastructure, and construction in progress. The total change in the City's investment in capital assets was a decrease of \$2,487,583. The majority of the decrease in investment in capital assets is due to the sale of the Carondelet Parking Facility, a business-type activity.



## Capital Assets

### City of Clayton Capital Assets (Net Of Depreciation)

	Governmental Activities		Business-type Activity		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,072,517	\$ 1,072,517	\$ 1,726,669	\$ 2,287,574	\$ 2,799,186	\$ 3,360,091
Buildings	13,966,862	14,386,910	11,855,433	13,637,307	25,822,295	28,024,217
Improvements other than buildings	34,242	38,082	30,466	31,976	64,708	70,058
Machinery/Equipment	2,056,239	1,555,303	118,418	88,174	2,174,657	1,643,477
Infrastructure	17,246,836	17,728,697	—	—	17,246,836	17,728,697
Construction in progress	231,275	—	—	—	231,275	—
<b>Total</b>	<b>\$ 34,607,971</b>	<b>\$ 34,781,509</b>	<b>\$ 13,730,986</b>	<b>\$ 16,045,031</b>	<b>\$ 48,338,957</b>	<b>\$ 50,826,540</b>

Additional information on the City's capital assets can be found in Note 3 to the Financial Statements, page 36 of this report.

## Long-term Debt

The City had government-wide debt outstanding of \$30,584,483 (excluding the deferred amount on refunding of \$641,300 and compensated absences of \$238,007) at the end of the current fiscal year. \$6,600,000 is general obligation debt backed by the full faith and credit of the City, \$22,005,000 is special obligation debt paid for from annual appropriations and special assessment fees and the note payable of \$1,971,341 is paid from an annual appropriation.

### City of Clayton's Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Series 1999	\$ 6,600,000	\$ 7,410,000	\$ —	\$ —	\$ 6,600,000	\$ 7,410,000
Series 2002	8,250,000	9,065,000	—	—	8,250,000	9,065,000
Series 2005	11,325,000	12,165,000	2,430,000	2,655,000	13,755,000	14,820,000
Capital Lease	8,142	11,971	—	—	8,142	11,971
Note Payable	—	—	1,971,341	2,091,341	1,971,341	2,091,341
<b>Total</b>	<b>\$ 26,183,142</b>	<b>\$ 28,651,971</b>	<b>\$ 4,401,341</b>	<b>\$ 4,746,341</b>	<b>\$ 30,584,483</b>	<b>\$ 33,398,312</b>

The City's total debt decreased by \$2,813,829 during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 7 to the Financial Statements, page 40 of this report.

### **The Outlook for Next Year**

The City's reliance on operating revenue is spread among three major revenue sources, property tax, sales tax and utility tax. Property taxes were increased to their legal maximum limit in fiscal year 2006 and the City plans to maintain that level in the future. Both sales tax and utility tax revenues have had minimal growth.

The increased property tax rate generated an additional \$795,625 in the General Fund and \$585,879 in the Debt Service Fund. Sales tax is expected to increase at approximately 1.2% and utility tax is expected to increase 3%. The City plans to spend down the General Fund balances to the minimum 25% policy level over the next several years.

The near future will see a continuing need to evaluate funding policies in order to maintain services at the current level. Overall, the economic outlook for the City is optimistic. This optimism is expected to maintain the current high level of service to residents by addressing the funding needs of the community as needed.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Clayton, Missouri's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Clayton, Missouri, 10 N. Bemiston Avenue, Clayton, MO 63105.

# CITY OF CLAYTON, MISSOURI

## STATEMENT OF NET ASSETS September 30, 2006

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,770,536	\$ —	\$ 5,770,536
Investments	8,402,981	10,275,525	18,678,506
Accounts receivable	530,391	71,545	601,936
Property taxes receivable	201,364	—	201,364
Intergovernmental receivable	1,297,716	—	1,297,716
Special assessments receivable	502,904	—	502,904
Other receivables	750	—	750
Interest receivable	63,775	78,255	142,030
Internal balances	208,394	(208,394)	—
Prepaid insurance	110,631	—	110,631
Bond issue costs	118,514	13,992	132,506
Net pension asset	267,043	—	267,043
Cash - restricted	113,420	19,112	132,532
Investments - restricted	1,190,979	261,062	1,452,041
Interest receivable - restricted	—	2,561	2,561
Capital assets:			
Land and construction in progress	1,303,792	1,726,669	3,030,461
Other capital assets, net of accumulated depreciation	33,304,179	12,004,317	45,308,496
<b>Total Assets</b>	<b>53,387,369</b>	<b>24,244,644</b>	<b>77,632,013</b>
<b>Liabilities</b>			
Accounts payable	790,128	19,041	809,169
Accrued interest payable	307,406	72,681	380,087
Accrued liabilities	446,262	9,131	455,393
Deposits	248,701	4,097	252,798
Net pension obligation	164,064	—	164,064
Noncurrent liabilities:			
Due within one year	2,635,497	316,498	2,951,995
Due in more than one year	23,358,786	3,870,409	27,229,195
<b>Total Liabilities</b>	<b>27,950,844</b>	<b>4,291,857</b>	<b>32,242,701</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	8,732,202	9,545,577	18,277,779
Restricted for:			
Debt service	2,276,780	280,174	2,556,954
Special taxing district	177,076	—	177,076
Sewer lateral projects	159,555	—	159,555
Unrestricted	14,090,912	10,127,036	24,217,948
<b>Total Net Assets</b>	<b>\$ 25,436,525</b>	<b>\$ 19,952,787</b>	<b>\$ 45,389,312</b>

**CITY OF CLAYTON, MISSOURI**

**STATEMENT OF ACTIVITIES  
For The Year Ended September 30, 2006**

Functions	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activity	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 4,253,478	\$ 666,138	\$ —	\$ —	\$ (3,587,340)	\$ —	\$ (3,587,340)
Public safety	8,660,970	931,486	162,525	—	(7,566,959)	—	(7,566,959)
Streets and highways	4,530,039	246,210	761,607	—	(3,522,222)	—	(3,522,222)
Parks and recreation	2,865,602	672,161	—	—	(2,193,441)	—	(2,193,441)
Community development	975,774	1,309,048	—	—	333,274	—	333,274
Interest on long-term debt	989,693	—	—	—	(989,693)	—	(989,693)
<b>Total Governmental Activities</b>	<b>22,275,556</b>	<b>3,825,043</b>	<b>924,132</b>	<b>—</b>	<b>(17,526,381)</b>	<b>—</b>	<b>(17,526,381)</b>
<b>Business-Type Activity</b>							
Parking facility	1,274,489	1,486,560	—	—	—	212,071	212,071
<b>Total Primary Government</b>	<b>\$ 23,550,045</b>	<b>\$ 5,311,603</b>	<b>\$ 924,132</b>	<b>\$ —</b>	<b>(17,526,381)</b>	<b>212,071</b>	<b>(17,314,310)</b>
<b>General Revenue:</b>							
Taxes:							
Property					6,135,030	—	6,135,030
Sales					5,934,900	—	5,934,900
Utility					4,890,845	—	4,890,845
Other					554,595	—	554,595
Investment income					665,054	367,140	1,032,194
Gain on sale of capital assets					70,222	2,243,132	2,313,354
Miscellaneous					220,455	—	220,455
Transfers					904,477	(904,477)	—
<b>Total General Revenues And Transfers</b>					<b>19,375,578</b>	<b>1,705,795</b>	<b>21,081,373</b>
<b>Change In Net Assets</b>					<b>1,849,197</b>	<b>1,917,866</b>	<b>3,767,063</b>
<b>Net Assets - Beginning Of Year</b>					<b>23,587,328</b>	<b>18,034,921</b>	<b>41,622,249</b>
<b>Net Assets - End Of Year</b>					<b>\$ 25,436,525</b>	<b>\$ 19,952,787</b>	<b>\$ 45,389,312</b>

# CITY OF CLAYTON, MISSOURI

## BALANCE SHEET - GOVERNMENTAL FUNDS September 30, 2006

	General Fund	Revolving Public Improvement Fund	Equipment Replacements Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,500,452	\$ 888,138	\$ 460,965	\$ 1,500,192	\$ 5,349,747
Investments	4,977,715	998,525	2,230,083	196,658	8,402,981
Accounts receivable	528,969	—	—	—	528,969
Property taxes receivable	193,758	—	—	7,606	201,364
Intergovernmental receivable	940,593	168,855	—	188,268	1,297,716
Special assessments receivable	—	296,134	—	206,770	502,904
Other receivables	—	750	—	—	750
Interest receivable	21,544	9,675	18,602	13,954	63,775
Due from other funds	237,521	—	—	—	237,521
Cash - restricted	—	—	—	113,420	113,420
Investments - restricted	—	—	—	1,190,979	1,190,979
<b>Total Assets</b>	<b>9,400,552</b>	<b>2,362,077</b>	<b>2,709,650</b>	<b>3,417,847</b>	<b>17,890,126</b>
<b>Liabilities And Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	223,316	264,176	60,475	233,610	781,577
Accrued liabilities	434,294	—	—	10,977	445,271
Due to other funds	—	—	—	29,127	29,127
Deferred revenue	165,558	296,134	—	214,376	676,068
Deposits	248,701	—	—	—	248,701
<b>Total Liabilities</b>	<b>1,071,869</b>	<b>560,310</b>	<b>60,475</b>	<b>488,090</b>	<b>2,180,744</b>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	4,095	—	243,051	1,209	248,355
Debt service	—	—	—	2,281,224	2,281,224
Unreserved:					
General fund	8,324,588	—	—	—	8,324,588
Special revenue funds	—	—	—	318,166	318,166
Capital projects funds	—	1,801,767	2,406,124	329,158	4,537,049
<b>Total Fund Balances</b>	<b>8,328,683</b>	<b>1,801,767</b>	<b>2,649,175</b>	<b>2,929,757</b>	<b>15,709,382</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 9,400,552</b>	<b>\$ 2,362,077</b>	<b>\$ 2,709,650</b>	<b>\$ 3,417,847</b>	<b>\$ 17,890,126</b>

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**CITY OF CLAYTON, MISSOURI**

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
September 30, 2006**

<b>Total Fund Balance - Governmental Funds</b>	\$ 15,709,382
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$47,215,264 and the accumulated depreciation is \$12,607,293.	34,607,971
Net pension assets are not financial resources and, therefore, are not reported in the funds.	102,979
Property taxes assessed by the City, but not collected as of fiscal year-end, are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. Likewise, assessments on certain properties are deferred within the fund financial statements until collected, but are recognized as revenue in the year of assessment in the government-wide statements.	676,068
The Internal Service Fund is used by the City to charge for services provided for insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.	523,300
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	(307,406)
Compensated absences	(236,509)
Bonds payable and capital lease outstanding	(25,757,774)
Unamortized issuance costs	<u>118,514</u>
<b>Total Net Assets - Governmental Activities</b>	<u><u>\$ 25,436,525</u></u>

# CITY OF CLAYTON, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For The Year Ended September 30, 2006

	General	Revolving Public Improvement Fund	Equipment Replacements Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
General property taxes	\$ 4,901,035	\$ —	\$ —	\$ 1,185,833	\$ 6,086,868
Assessment income	—	37,022	—	149,231	186,253
Licenses and permits	1,362,041	—	—	—	1,362,041
Public utility licenses	4,886,655	4,190	—	—	4,890,845
Intergovernmental	4,079,202	1,963,868	—	1,477,746	7,520,816
Community programs	1,112,109	—	—	—	1,112,109
Fines and forfeitures	765,952	—	—	11,814	777,766
Investment income	371,481	73,464	118,272	101,837	665,054
Miscellaneous	593,903	495	—	2,000	596,398
<b>Total Revenues</b>	<b>18,072,378</b>	<b>2,079,039</b>	<b>118,272</b>	<b>2,928,461</b>	<b>23,198,150</b>
<b>Expenditures</b>					
Current:					
General government	3,911,866	—	—	2,513	3,914,379
Public safety	7,915,228	—	—	6,743	7,921,971
Streets and highways	3,405,316	—	—	—	3,405,316
Parks and recreation	1,657,278	—	—	—	1,657,278
Community development	—	—	—	254,375	254,375
Capital outlay	—	2,231,317	853,566	846,090	3,930,973
Debt service:					
Principal	—	—	—	2,465,000	2,465,000
Interest and fiscal charges	—	—	—	962,248	962,248
<b>Total Expenditures</b>	<b>16,889,688</b>	<b>2,231,317</b>	<b>853,566</b>	<b>4,536,969</b>	<b>24,511,540</b>
<b>Revenues Over (Under) Expenditures</b>	<b>1,182,690</b>	<b>(152,278)</b>	<b>(735,294)</b>	<b>(1,608,508)</b>	<b>(1,313,390)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	57,392	496,431	304,742	2,629,832	3,488,397
Transfers out	—	(1,011,509)	(43,970)	(1,528,441)	(2,583,920)
Sale of capital assets	—	—	123,688	—	123,688
<b>Total Other Financing Sources (Uses)</b>	<b>57,392</b>	<b>(515,078)</b>	<b>384,460</b>	<b>1,101,391</b>	<b>1,028,165</b>
<b>Net Changes In Fund Balances</b>	<b>1,240,082</b>	<b>(667,356)</b>	<b>(350,834)</b>	<b>(507,117)</b>	<b>(285,225)</b>
<b>Fund Balances - Beginning Of Year</b>	<b>7,088,601</b>	<b>2,469,123</b>	<b>3,000,009</b>	<b>3,436,874</b>	<b>15,994,607</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 8,328,683</b>	<b>\$ 1,801,767</b>	<b>\$ 2,649,175</b>	<b>\$ 2,929,757</b>	<b>\$ 15,709,382</b>

# CITY OF CLAYTON, MISSOURI

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For The Year Ended September 30, 2006

Net change in fund balances - total governmental funds \$ (285,225)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays over the capitalization threshold in the current period. (120,072)

In the statement of activities, the loss on the disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets, only the proceeds from any sales of capital assets are reported. (53,466)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this fiscal year by \$48,162. Assessment income is deferred in the fund financial statements until the assessments are collected. However, assessment income is recorded in the year of the assessment in the statement of activities. Deferred assessments decreased this fiscal year by \$47,232. 930

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on capital leases 3,829

Repayment of bond principal 2,465,000

Amortization of issuance costs and deferred amount on refunding (54,369)

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 governmental funds.

Accrued interest on bonds 26,924

Compensated absences 631

Net pension assets (85,959)

The Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities in the statement of activities. (49,026)

**Change in net assets of governmental activities** \$ 1,849,197



**CITY OF CLAYTON, MISSOURI**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**September 30, 2006**

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ —	\$ 420,789
Investments	10,275,525	—
Accounts receivable	71,545	1,422
Interest receivable	78,255	—
Prepaid insurance	—	110,631
<b>Total Current Assets</b>	<b>10,425,325</b>	<b>532,842</b>
<b>Noncurrent Assets</b>		
Capital Assets:		
Land	1,726,669	—
Other capital assets, net of accumulated depreciation	12,004,317	—
<b>Total Capital Assets</b>	<b>13,730,986</b>	<b>—</b>
Restricted Assets:		
Cash	19,112	—
Investments	261,062	—
Interest receivable	2,561	—
<b>Total Restricted Assets</b>	<b>282,735</b>	<b>—</b>
Bond issuance costs	13,992	—
<b>Total Noncurrent Assets</b>	<b>14,027,713</b>	<b>—</b>
<b>Total Assets</b>	<b>24,453,038</b>	<b>532,842</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	19,041	8,551
Accrued interest payable	72,681	—
Accrued liabilities	9,131	991
Due to other funds	208,394	—
Deposits	4,097	—
Accrued compensated absences	1,498	—
Bonds payable - current	190,000	—
Notes payable - current	125,000	—
<b>Total Current Liabilities</b>	<b>629,842</b>	<b>9,542</b>
<b>Noncurrent Liabilities</b>		
Bonds payable	2,024,068	—
Notes payable	1,846,341	—
<b>Total Noncurrent Liabilities</b>	<b>3,870,409</b>	<b>—</b>
<b>Total Liabilities</b>	<b>4,500,251</b>	<b>9,542</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	9,545,577	—
Restricted for debt service	280,174	—
Unrestricted	10,127,036	523,300
<b>Total Net Assets</b>	<b>\$ 19,952,787</b>	<b>\$ 523,300</b>

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# CITY OF CLAYTON, MISSOURI

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## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For The Year Ended September 30, 2006

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>		
St. Louis parking systems	\$ 466,561	\$ —
Parking lot revenue	131,867	—
Parking meter revenue	888,132	—
Participant contributions	—	179,782
Employer contributions	—	1,555,961
<b>Total Operating Revenues</b>	<b>1,486,560</b>	<b>1,735,743</b>
<b>Operating Expenses</b>		
Personnel services	282,864	—
Contractual services	420,506	1,939,960
Commodities	48,424	—
Depreciation	334,599	—
Insurance and fringe benefits	41,269	—
<b>Total Operating Expenses</b>	<b>1,127,662</b>	<b>1,939,960</b>
<b>Operating Income (Loss)</b>	<b>358,898</b>	<b>(204,217)</b>
<b>Nonoperating Revenue (Expense)</b>		
Gain on sale of capital assets	2,243,132	—
Investment income	367,140	14,728
Interest expense	(146,827)	—
Miscellaneous income	—	140,463
<b>Total Nonoperating Revenue (Expense)</b>	<b>2,463,445</b>	<b>155,191</b>
<b>Income (Loss) Before Transfers</b>	<b>2,822,343</b>	<b>(49,026)</b>
<b>Transfers</b>		
Transfers in	43,970	—
Transfers out	(948,447)	—
<b>Total Transfers</b>	<b>(904,477)</b>	<b>—</b>
<b>Change In Net Assets</b>	<b>1,917,866</b>	<b>(49,026)</b>
<b>Net Assets - Beginning Of Year</b>	<b>18,034,921</b>	<b>572,326</b>
<b>Net Assets - End Of Year</b>	<b>\$ 19,952,787</b>	<b>\$ 523,300</b>

# CITY OF CLAYTON, MISSOURI

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For The Year Ended September 30, 2006

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Increase (Decrease) In Cash And Cash Equivalents</b>		
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 1,467,083	\$ —
Receipts from interfund services provided	—	1,881,582
Payments to suppliers	(496,174)	—
Payments to employees	(281,656)	—
Payments for interfund services used	—	(1,973,440)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>689,253</b>	<b>(91,858)</b>
<b>Cash Flows From Noncapital And Related Financing Activities</b>		
Transfers to other funds	(948,447)	—
Due to other funds	(98,430)	—
<b>Net Cash Used In Noncapital And Related Financing Activities</b>	<b>(1,046,877)</b>	<b>—</b>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Purchase of capital assets	(8,150)	—
Principal payments on note payable	(120,000)	—
Principal payments on special obligation capital improvement bonds	(225,000)	—
Proceeds from sale of capital assets	4,274,700	—
Interest payments on special obligation capital improvement bonds and note payable	(125,111)	—
<b>Net Cash Provided By Capital And Related Financing Activities</b>	<b>3,796,439</b>	<b>—</b>
<b>Cash Flows From Investing Activities</b>		
Interest received on investments	358,944	14,728
Purchase of investments	(4,200,000)	—
Sales of investments	402,241	—
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(3,438,815)</b>	<b>14,728</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>—</b>	<b>(77,130)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>—</b>	<b>497,919</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ —</b>	<b>\$ 420,789</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Operating income (loss)	\$ 358,898	\$ (204,217)
Adjustments to reconcile operating income (loss) to net cash provided by (used in)		
operating activities:		
Miscellaneous nonoperating revenue	—	140,463
Depreciation	334,599	—
(Increase) decrease in:		
Accounts receivable	(19,477)	5,376
Prepaid insurance	—	9,179
Increase (decrease) in:		
Accounts payable	13,640	(1,650)
Accrued liabilities	1,208	(41,009)
Deposits	385	—
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 689,253</b>	<b>\$ (91,858)</b>
<b>Noncash activities:</b>		
Transfers in related to capital asset transfers	\$ 43,970	\$ —
Amortization of deferred amount on refunding	27,153	—
Net depreciation in fair value of investments	12,774	—

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**CITY OF CLAYTON, MISSOURI**

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**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2006**

	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 485,262
Investments:	
U.S. government and agency securities	4,800,372
Foreign bonds	239,955
Common stocks	2,364,900
Corporate bonds	2,631,077
Taxable municipal obligations	547,402
Mutual funds	22,049,479
Interest receivable	91,667
<b>Total Assets</b>	<b><u>33,210,114</u></b>
<b>Net Assets</b>	
Held in trust for pension benefits	<b><u>\$ 33,210,114</u></b>

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**CITY OF CLAYTON, MISSOURI**

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**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**For The Year Ended September 30, 2006**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions:	
Participant contributions	\$ 216,234
Employer contributions	798,089
Total Contributions	<u>1,014,323</u>
Investment Income:	
Net appreciation in fair value of investments and interest and dividends	2,309,859
Less: Investment expenses	<u>(153,963)</u>
Total Investment Income	<u>2,155,896</u>
Total Additions	3,170,219
<b>Deductions</b>	
Benefits	<u>2,097,621</u>
<b>Change In Net Assets</b>	1,072,598
<b>Net Assets Held In Trust For Pension Benefits - Beginning Of Year</b>	<u>32,137,516</u>
<b>Net Assets Held In Trust For Pension Benefits - End Of Year</b>	<u>\$ 33,210,114</u>

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# CITY OF CLAYTON, MISSOURI

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## NOTES TO BASIC FINANCIAL STATEMENTS September 30, 2006

### 1. Summary Of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### Reporting Entity

The financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB 14*. The requirements for inclusion as a component unit are based primarily upon whether the City is considered financially accountable for the potential component unit. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

#### Basis Of Presentation

##### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of 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 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, unrestricted interest earnings and other items not properly included among program revenues are reported instead as general revenues.

### **Fund Financial Statements**

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds." The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

### **Governmental Fund Type**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's governmental major funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Revolving Public Improvement Fund** - The Revolving Public Improvement Fund is a capital projects fund used to monitor the funding of special infrastructure improvements throughout the City. Revenues derived by this fund include a half-cent capital improvement sales tax, road and bridge taxes, and certain special assessment taxes.

**Equipment Replacements Fund** - The Equipment Replacements Fund is a capital projects fund used to account for capital asset replacement funds.

The other governmental funds of the City are considered nonmajor. They include special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, debt service funds that account for the accumulation of resources for the payment of long-term debt, and capital project funds that account for financial resources to be used for the acquisition or construction of capital facilities.

### **Proprietary Fund Type**

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. The City has the following proprietary fund types:

**Enterprise Fund** - The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges. The City's enterprise fund is the Parking Facilities Fund, which is used to account for the operations of the city-owned parking facilities. City ordinances provide for the transfer of funds from the Parking Facilities Fund to other funds.

**Internal Service Fund** – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City. The City's internal service fund is used to account for health, dental, life, liability, property, long-term disability and workers' compensation insurance services provided to other departments of the City. Charges for services are allocated to various City departments on a cost recovery basis.

The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB), issued on or before November 30, 1989, in accounting and reporting for its proprietary operations, unless these pronouncements conflict with or contradict applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The City has elected not to follow subsequent private-sector guidance.

**Fiduciary Fund Type - Pension Trust Funds** - Pension Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

#### **Measurement Focus And Basis Of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 measurable and 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 fiscal 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, claims and judgments, are recorded only when payment is due (i.e. matured).

Property taxes, franchise taxes, licenses, court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation.

The principal operating revenues of the Parking Facilities Fund and of the City's Internal Service Fund are charges to customers for sales and services. Operating expenses for the Parking Facilities Fund and Internal Service Fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

#### **Cash, Cash Equivalents, And Investments**

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes and City policy authorize the City to invest in obligations of the United States or any agency thereof, time deposit certificates, and repurchase agreements. The Pension Trust Funds are also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership (excluding any debt of the City itself), and individual insurance policies.

Investments that have a maturity date of less than one year at the time of purchase are carried at cost or amortized cost because of their short-term maturities. Investments that have a maturity date of greater than one year at the time of purchase are carried at fair value. Fair value is based on quoted market prices.

**Restricted Assets**

Certain resources set aside for the repayment of special obligation bonds and general obligation bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**Special Assessments Receivable**

Special assessments receivable represents the residents' portion of curb and sidewalk improvements which have been completed and billed. The City's portion of such improvements are expended as incurred. At the time of the levy, special assessments receivable in the amount of the levy and deferred revenue equal to the amount that is not currently available are recognized in the fund that provides the resources.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected to capitalize infrastructure assets purchased prior to June 30, 1980. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

<u>Asset</u>	<u>Years</u>
Building	15 – 50
Improvements other than buildings	5 – 20
Machinery and equipment	3 – 15
Infrastructure	30 - 50

**Compensated Absences**

Under terms of the City's personnel policy, employees are granted vacation time based on length of service. Vacation is loaded at the beginning of the calendar year. A maximum of eighty hours may be carried over to a subsequent calendar year. Upon termination, the employee is paid for unused vacation. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. Upon termination, and only if the employee is vested, the employee is paid \$1 for each hour of sick leave balance. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured.

### **Long-Term Liabilities**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Deferred Amount On Refunding**

In the government-wide and proprietary fund financial statements, the deferred amount on refunding is recorded as an adjustment to the debt obligation. The deferred amount on refunding is computed as the difference between the reacquisition price and the net carrying amount of the old debt, which would include any unamortized bond issuance costs. This deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method, since results of the straight-line method are not materially different from the effective interest method.

The deferred amount on refunding is not recorded in the governmental fund financial statements.

### **Net Assets**

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

**Invested In Capital Assets, Net of Related Debt** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**Restricted** - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

**Unrestricted** - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### **Reserved Fund Balance**

Reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriations or is legally segregated for a specific future use.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**Interfund Transactions**

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types and transfers in (out) in the proprietary fund types.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Property Taxes**

Property taxes are levied in September of each year on the assessed value as of the prior January 1 for all real property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and are due upon receipt of billing and become delinquent after December 31.

Property tax revenue is recognized to the extent it is collected within 60 days after year end in the fund financial statements. Property taxes not collected within 60 days of year end are deferred for fund financial statements but are recognized as revenue in the government-wide financial statements.

All property tax assessment, billing, and collection functions are handled by the St. Louis County government. Taxes collected are remitted to the City by the St. Louis County Collector (the County Collector) in the month subsequent to the actual collection date. Taxes held by the County Collector, if any, are included in property taxes receivable in the accompanying fund financial statements.

**Use Of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principals 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.

**2. Deposits And Investments**

In accordance with its investment policy, the City takes a conservative, “prudent person” approach to its investment purchases and management. The focus of the City’s policy is to invest public funds in safe and secure investments with sufficient liquidity to enable the City to meet the cash flow demands of operations, while obtaining the best rate of return, given the investment risk and cash flow restraints of the policy. The City has two pension trust funds, the City of Clayton Uniformed Employees’ Retirement Fund (UERF) and the Non-Uniformed Employees’ Retirement Fund (NUERF). Each fund has a separate, but similar, investment policy with similar objectives.

A summary of deposits and investments as of September 30, 2006 is as follows:

	<u>Cost</u>	<u>Fair Value</u>
<b><u>Governmental Activities</u></b>		
Cash and Temporary Investment	\$ 3,760,537	\$ 3,760,537
Money Market Fund	2,123,419	2,123,419
Certificates of Deposit	2,726,461	2,746,778
U.S. Agencies	7,606,539	6,847,182
	<u>\$ 16,216,956</u>	<u>\$ 15,477,916</u>
<b><u>Business Type Activity - Enterprise Fund</u></b>		
Cash and Temporary Investment	\$ 19,112	\$ 19,112
U.S. Agencies	10,665,924	10,536,587
	<u>\$ 10,685,036</u>	<u>\$ 10,555,699</u>
	<u>Cost</u>	<u>Fair Value</u>
<b><u>Pension Trust Funds</u></b>		
Cash and Temporary Investment	\$ 485,262	\$ 485,262
Mutual Funds	17,166,303	22,049,479
U.S. Treasuries	946,030	970,417
U.S. Agencies	3,821,943	3,829,955
Common Stocks	2,289,074	2,364,900
Corporate Bonds	2,584,641	2,631,077
Taxable Municipal Obligations	552,441	547,402
Foreign Bonds	242,717	239,955
	<u>\$ 28,088,411</u>	<u>\$ 33,118,447</u>

**Investment Policy**

**Governmental And Business Type Activities**

The objectives of the City's investment policy, as adopted by the Board of Aldermen, are the following:

Legality: Every investment shall be made in accordance with applicable federal, state and local statutory provisions.

Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.

Liquidity: The City's investment portfolio must remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.

Return on Investment: The City's investment portfolio shall be managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

These objectives support the City's conservative and prudent approach to investment management. The policy also addresses qualified institutions, appropriate investments, collateralization, safekeeping, institutional diversification of the portfolio, maximum maturities, performance standards, and reporting requirements.

**Pension Trust Funds**

The investment policy for both of the City's pension trust funds, as adopted by each separate entity, states that the primary fiduciary responsibility of each pension's board is to:

- 1) Ensure that the assets of the plans are responsibly and prudently managed in accordance with the actuarial needs of the plans while adhering to sound and accepted financial investment procedures.
- 2) Diversify the portfolio to help ensure that adverse or unexpected activity will not have an excessively detrimental impact on the entire portfolio. Investment management will be delegated to external professional organizations for the sole benefit of the membership and their beneficiaries for the purpose of providing a retirement benefit.

Performance objectives, asset allocation guidelines and permissible investments are outlined in each policy. The Plans' total return is expected to provide results, using a three-year moving average, of an absolute return equal or superior to each plan's actuarial assumed rate of return.

## CITY OF CLAYTON, MISSOURI

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### Notes To Basic Financial Statements (Continued)

#### Investment Types and Maturities

##### Governmental and Business Type Activities

As of September 30, 2006 the governmental activities and business type activity portfolios had the following investments and maturities:

<u>Governmental Activities</u>		<u>Investment Maturities (In Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less</u>		
		<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Agencies	\$ 6,847,182	\$ 1,297,370	\$ 4,840,805	\$ 709,007

<u>Business Type Activity - Enterprise Fund</u>		<u>Investment Maturities (In Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less</u>		
		<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Agencies	\$ 10,536,587	\$ 4,809,089	\$ 4,593,175	\$ 1,134,323

The City's investment policy governs all investment activity, except investments in the pension funds. The City's policy limits investments to bonds, bills or notes of the United States or an agency thereof, negotiable or non-negotiable certificates of deposit, savings accounts and other interest-earning deposit accounts of authorized financial institutions, or repurchase agreements (with acceptable collateral in an amount greater than the amount of the repurchase agreement including accrued interest) through approved financial institutions with a previously signed Master Repurchase Agreement. In accordance with its policy, the City tries to maintain a high level of liquidity to allow the City to meet its operating requirements. Unless matched to a specific cash flow, the City will not invest in securities maturing more than three years from the date of purchase, unless circumstances warrant other consideration.

The City also invests in mortgage-backed securities, such as collateralized mortgage obligations. These securities are reported at fair value and are based on the cash flows from interest payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

## CITY OF CLAYTON, MISSOURI

### Notes To Basic Financial Statements (Continued)

#### Pension Trust Funds

As of September 30, 2006, the UERF and NUERF investment portfolios had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	\$ 970,417	\$ —	\$ 317,737	\$ 118,144	\$ 534,536
U.S. Agencies	3,829,955	124,961	467,162	371,484	2,866,348
Corporate Bonds	2,631,077	228,898	882,388	574,164	945,627
Taxable Municipal					
Obligations	547,402	19,837	307,013	220,552	—
Fixed Income - Mutual					
Funds	2,729,124	—	2,729,124	—	—
Foreign Bonds	239,955	—	46,979	192,976	—
	<u>\$ 10,947,930</u>	<u>\$ 373,696</u>	<u>\$ 4,750,403</u>	<u>\$ 1,477,320</u>	<u>\$ 4,346,511</u>

#### Credit Risk

##### Governmental And Business Type Activities

The City's investment policy does not address credit quality standards. The following table provides information on the credit ratings associated with the City's investments as of September 30, 2006, excluding obligations of the United States government or obligations explicitly guaranteed by the United States government.

##### Governmental Activities

	S&P	Fair Value
U.S. Agencies	AAA	<u>\$ 6,847,182</u>

##### Business Type Activity – Enterprise Fund

	S&P	Fair Value
U.S. Agencies	AAA	<u>\$ 10,536,587</u>



## CITY OF CLAYTON, MISSOURI

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### Notes To Basic Financial Statements (Continued)

#### Pension Trust Funds

The investment policy does not address credit quality standards. The following table reflects the credit ratings for the two retirement plans associated with the securities invested in the pension trust funds as of September 30, 2006, excluding obligations of the United States government or obligations explicitly guaranteed by the United States government.

	<u>S&amp;P</u>	<u>Fair Value</u>
U.S. Agencies	AAA	\$ 3,829,955
Corporate Bonds	AAA	962,369
Corporate Bonds	AA	241,991
Corporate Bonds	A	1,002,322
Corporate Bonds	BBB	424,395
Fixed Income - Mutual Funds	unrated	2,729,124
Taxable Municipal Obligations	AAA	513,098
Taxable Municipal Obligations	AA	34,304
Foreign Bonds	AAA	192,976
Foreign Bonds	A	46,979
		<u>\$ 9,977,513</u>

#### Concentration Of Risk

##### Governmental And Business Type Activities

The City will diversify its investments by institution. With the exception of bonds, bills or notes of the United States government or any agency thereof, including authorized pools, it shall be the goal of the City that no more than 80% of the City's investment portfolio will be invested in a single institution. As of September 30, 2006, the City had the following investment concentrations with one issuer:

##### Governmental Activities

Federal Home Loan Bank	39%
Federal Farm Credit Bank	33%
Federal National Mortgage Association	28%
	<u>100%</u>

##### Business Type Activity - Enterprise Fund

Federal Home Loan Bank	81%
Federal Farm Credit Bank	13%
Federal National Mortgage Association	6%
	<u>100%</u>

**Pension Trust Funds**

As of September 30, 2006, the pension plans had the following investment concentrations with one issuer:

Federal National Mortgage Association	6%
---------------------------------------	----

The pension investment policies specify that investments held by these plans shall be 55-65% equity securities and 35-45% fixed income securities. The equity securities have further target allocations for the whole portfolio as follows: 40% large cap, 10% small cap and 10% international equities. The trustees of the plans follow these guidelines for all investments while adhering to the list of permissible investments outlined in the policies. The funds in the plans are invested over the long term in keeping with the objective of providing retirement benefits for its members.

**Custodial Credit Risk**

**Governmental And Business Type Activities**

For investments, 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 risk by pre-qualifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution. The City has an unrated money market account that is covered by excess deposit insurance for amounts above the Federal Deposit Insurance Corporation (FDIC).

**Pension Trusts**

For investments in the pension trust funds, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the pension funds will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At September 30, 2006, the City of Clayton Uniformed Employees' Retirement Fund has \$8,218,804 in treasuries, agencies, municipal obligations, and corporate and foreign bonds that are held by the counterparty's trust department, but, not in the name of the Uniformed Employees' Retirement Fund.

**CITY OF CLAYTON, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

**3. Capital Assets**

Capital asset activity was as follows:

	Balance - October 1, 2005	Additions	Retirements	Balance - September 30, 2006
<b>Government Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,072,517	\$ —	\$ —	\$ 1,072,517
Construction in process	—	231,275	—	231,275
<b>Total capital assets not being depreciated</b>	<b>1,072,517</b>	<b>231,275</b>	<b>—</b>	<b>1,303,792</b>
Capital assets, being depreciated:				
Buildings	16,162,062	—	—	16,162,062
Improvements other than buildings	259,710	—	—	259,710
Machinery and equipment	4,909,168	948,817	462,058	5,395,927
Infrastructure	24,093,773	—	—	24,093,773
<b>Total capital assets being depreciated</b>	<b>45,424,713</b>	<b>948,817</b>	<b>462,058</b>	<b>45,911,472</b>
Less accumulated depreciation for:				
Buildings	1,775,152	420,048	—	2,195,200
Improvements other than buildings	221,628	3,840	—	225,468
Machinery and equipment	3,353,865	394,415	408,592	3,339,688
Infrastructure	6,365,076	481,861	—	6,846,937
<b>Total accumulated depreciation</b>	<b>11,715,721</b>	<b>1,300,164</b>	<b>408,592</b>	<b>12,607,293</b>
<b>Total capital assets being depreciated, net</b>	<b>33,708,992</b>	<b>(351,347)</b>	<b>53,466</b>	<b>33,304,179</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 34,781,509</b>	<b>\$ (120,072)</b>	<b>\$ 53,466</b>	<b>\$ 34,607,971</b>

**CITY OF CLAYTON, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

	Balance - October 1, 2005	Additions	Retirements	Balance - September 30, 2006
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,287,574	\$ —	\$ 560,905	\$ 1,726,669
Capital assets, being depreciated:				
Buildings	16,035,987	—	2,741,437	13,294,550
Improvements other than buildings	78,602	—	—	78,602
Machinery and equipment	203,280	52,121	—	255,401
Total capital assets being depreciated	16,317,869	52,121	2,741,437	13,628,553
Less accumulated depreciation for:				
Buildings	2,398,680	311,212	1,270,775	1,439,117
Improvements other than buildings	46,626	1,510	—	48,136
Machinery and equipment	115,106	21,877	—	136,983
Total accumulated depreciation	2,560,412	334,599	1,270,775	1,624,236
Total capital assets being depreciated, net	13,757,457	(282,478)	1,470,662	12,004,317
Business-type activities capital assets, net	\$ 16,045,031	\$ (282,478)	\$ 2,031,567	\$ 13,730,986

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

	For The Year Ended September 30, 2006
<b>Governmental activities:</b>	
General government	\$ 223,202
Public safety	215,543
Streets and highways	174,451
Parks and recreation	686,968
	<u>\$ 1,300,164</u>
<b>Business-type activity:</b>	
Parking operations	<u>\$ 334,599</u>

**CITY OF CLAYTON, MISSOURI**

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Notes To Basic Financial Statements (*Continued*)

**4. Restricted Assets**

The account balances shown below are restricted in accordance with the 2005A and 2005B bond indentures:

	<u>September 30, 2006</u>	
	<u>Actual</u>	<u>Required</u>
Series 2005A Bond Reserve Account	\$ 1,190,979	\$ 1,132,500
Series 2005B Bond Reserve Account	261,062	243,000
	<u>\$ 1,452,041</u>	<u>\$ 1,375,500</u>

**5. Interfund Assets/Liabilities**

Individual interfund assets and liabilities are as follows:

**Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>September 30, 2006</u>
General Fund	Parking Facilities Fund	\$ 208,394
General Fund	Redevelopment Forsyth/Hanley Road Fund	29,127

The amounts due to or from individual funds represent interfund borrowings that arise in the normal course of business and are due to either timing differences or to the elimination of negative cash balances within various funds.

**CITY OF CLAYTON, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

**6. Interfund Transactions**

Individual interfund transactions are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>September 30, 2006</u>
General Fund	Revolving Public Improvement Fund	\$ 57,392
Equipment Replacement Fund	Revolving Public Improvement Fund	303,203
Equipment Replacement Fund	Special Taxing District	1,539
2005 Bond Debt Service Fund	2005 Bond Reserve Fund	36,495
2005 Bond Debt Service Fund	Capital Improvement Project Fund	1,003,397
2005 Bond Debt Service Fund	Parking Facilities Fund	206,300
Revolving Public Improvement Fund	1997-98 Capital Project Bond Fund	90,284
Revolving Public Improvement Fund	Parking Facilities Fund	406,147
Capital Improvement Project Fund	Parking Facilities Fund	336,000
2002 Capital Project Bond Fund	Capital Improvement Project Fund	396,726
2002 Capital Bond Fund	Revolving Public Improvement Fund	650,914
Parking Facilities Fund	Equipment Replacement Fund	<u>43,970</u>
		<u>\$ 3,532,367</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) provide unrestricted revenues collected in the General Fund to finance capital improvements and other activities in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

**CITY OF CLAYTON, MISSOURI**

Notes To Basic Financial Statements (Continued)

**7. Long-Term Liabilities**

A summary of changes in long-term liabilities was as follows:

	Balance - October 1, 2005	Additions	Reductions	Balance- September 30, 2006	Amounts Due Within One Year
<b>Governmental Activities</b>					
Special obligation capital					
improvement bonds	\$ 21,230,000	\$ —	\$ 1,655,000	\$ 19,575,000	\$ 1,555,000
General obligation bonds	7,410,000	—	810,000	6,600,000	840,000
Capital lease	11,971	—	3,829	8,142	3,988
	28,651,971	—	2,468,829	26,183,142	2,398,988
*Compensated absences	237,140	633,292	633,923	236,509	236,509
	<u>\$ 28,889,111</u>	<u>\$ 633,292</u>	<u>\$ 3,102,752</u>	<u>26,419,651</u>	<u>\$ 2,635,497</u>

Less: Deferred Amount on Refunding 425,368

**Governmental Activities**  
**Long-Term Liabilities** \$ 25,994,283

\* The liability for compensated absences has historically been liquidated in each respective governmental fund.

<b>Business-Type Activity</b>					
Special obligation capital					
improvement bonds	\$ 2,655,000	\$ —	\$ 225,000	\$ 2,430,000	\$ 190,000
Note payable	2,091,341	—	120,000	1,971,341	125,000
	4,746,341	—	345,000	4,401,341	315,000
**Compensated absences	1,148	16,341	15,991	1,498	1,498
	<u>\$ 4,747,489</u>	<u>\$ 16,341</u>	<u>\$ 360,991</u>	<u>4,402,839</u>	<u>\$ 316,498</u>

Less: Deferred Amount on Refunding 215,932

**Business-Type Activity**  
**Long-Term Liabilities** \$ 4,186,907

\*\* The liability for compensated absences has historically been liquidated by the Parking Facilities Enterprise Fund.

## CITY OF CLAYTON, MISSOURI

### Notes To Basic Financial Statements (*Continued*)

During the fiscal year ended September 30, 2005, the City issued Special Obligation Refunding Bonds, Series 2005A and Series 2005B in the amount \$12,165,000 (Series 2005A) and \$2,655,000 (Series 2005B) with interest rates ranging from 3.0% to 4.1% and 4.85% for the Series 2005A and Series 2005B, respectively. These bond issuances are being used to advance refund maturities of the following bond issuances: Maturities for 2006 through 2017 of Series 1997 with interest rates ranging from 4.5% to 5.125%, with a call option in 2007; maturities for 2006 through 2017 of Series 1998A with interest rates of 4.5% to 5.0%, with a call option in 2007; maturities for 2006 through 2016 of Series 1998B with interest rates ranging from 6.5% to 7.0%, with a call option in 2007. The net issuances of \$14,765,174, after payment of \$156,526 of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for the payment of principal and interest through maturity of the aforementioned coupons on the Series 1997, 1998A, and 1998B bonds. This advance refunding met the requirements of an in-substance defeasance and the obligations related to the aforementioned maturities of the Series 1997, 1998A, and 1998B bonds were removed from the City's government-wide financial statements.

The special obligation capital improvements bonds totaling \$9,175,000, \$5,160,000 and \$9,950,000 were issued on December 1, 1997, February 1, 1998, and December 30, 2002, respectively. The \$9,175,000 Special Obligation Capital Improvement Bonds Series 1997 mature from 1999 to 2018 with interest rates of 4.500% to 5.125% (average interest rate of 4.680%). The \$5,160,000 Special Obligation Capital Improvement Bonds Series 1998A mature 1999 to 2018 with interest rates of 4.375% to 5.000% (average interest rate of 4.640%). The \$9,950,000 Special Obligation Capital Improvement Bonds Series 2002 mature 2004 to 2007 with an interest rate of 2.650%.

The general obligation bonds totaling \$9,500,000, \$4,500,000 and \$8,410,000 were issued on December 15, 1993, February 1, 1994, and June 1, 1999, respectively. The \$9,500,000 General Obligation Bonds Series 1993 mature from 1996 to 2013 with interest rates of 3.900% to 6.900% (average interest rate of 4.790%). The \$4,500,000 General Obligation Bonds Series 1994 mature from 1996 to 2014 with interest rates of 3.800% to 5.500% (average interest rate of 4.740%). The \$8,410,000 General Obligation Bonds Series 1999 mature from 1999 to 2012 with interest rates of 4.100% to 4.500% (average interest rate of 4.200%). The Series 1993 and Series 1994 bonds were partially refunded by the Series 1999 bonds.

The special obligation capital improvement bonds totaling \$625,000 and \$3,315,000 were issued on February 1, 1998. The \$625,000 Special Obligation Capital Improvement Bonds Series 1998A mature 1999 to 2018 with interest rates of 4.375% to 5.000% (average interest rate of 4.640%). The \$3,315,000 Taxable Special Obligation Capital Improvement Bonds Series 1998B mature from 1999 to 2017 with interest rates of 6.250% to 6.625% (average interest rate of 6.400%).



## CITY OF CLAYTON, MISSOURI

### Notes To Basic Financial Statements (Continued)

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt has matured and, therefore, the defeased debt was removed as a liability from the City's financial statements. As of September 30, 2006, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to \$13,295,000.

The City has an agreement with St. Louis County, Missouri (the County) to pay for a portion of the Shaw Park Parking Garage. The garage was completed in fiscal year 2005 and the City's portion of the garage to be repaid to the County is \$2,764,176. The note bears interest at rates similar to those found in the bonds the County issued, which ranges from 4.000% to 4.750%. The City started making payments to the County in fiscal year 2005 of \$19,234 per month with payments continuing through May 2018.

#### Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a voice logging system. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded in the government-wide financial statements at the present value of its future lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>September 30, 2006</u>
Asset:	
Machinery and equipment	\$ 19,804
Less: Accumulated depreciation	9,902
	<hr/>
Total	\$ 9,902
	<hr/> <hr/>

#### Maturities

Aggregate maturities required on long-term debt for governmental activities are as follows:

For The Year Ending	Special Obligation Capital Improvement Bonds			
	September 30,	Principal	Interest	Total
2007		\$ 1,555,000	\$ 616,841	\$ 2,171,841
2008		8,085,000	485,400	8,570,400
2009		725,000	364,528	1,089,528
2010		745,000	340,615	1,085,615
2011		770,000	314,103	1,084,103
2012 – 2016		4,330,000	1,117,719	5,447,719
2017 – 2018		3,365,000	155,072	3,520,072
		<hr/>	<hr/>	<hr/>
		\$ 19,575,000	\$ 3,394,278	\$ 22,969,278
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF CLAYTON, MISSOURI**Notes To Basic Financial Statements (*Continued*)

For The Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2007	\$ 840,000	\$ 265,418	\$ 1,105,418
2008	875,000	229,831	1,104,831
2009	915,000	192,460	1,107,460
2010	950,000	153,058	1,103,058
2011	995,000	111,478	1,106,478
2012 – 2013	2,025,000	89,367	2,114,367
	\$ 6,600,000	\$ 1,041,612	\$ 7,641,612

Aggregate maturities required on long-term debt for business-type activity are as follows:

For The Year Ending September 30,	Special Obligation Capital Improvement Bonds		
	Principal	Interest	Total
2007	\$ 190,000	\$ 113,248	\$ 303,248
2008	200,000	103,790	303,790
2009	205,000	93,969	298,969
2010	220,000	83,663	303,663
2011	235,000	72,629	307,629
2012 - 2016	1,380,000	175,813	1,555,813
	\$ 2,430,000	\$ 643,112	\$ 3,073,112

For The Year Ending September 30,	St Louis County Parking Garage Repayment		
	Principal	Interest	Total
2007	\$ 125,000	\$ 89,055	\$ 214,055
2008	130,000	84,055	214,055
2009	140,000	78,725	218,725
2010	145,000	72,845	217,845
2011	150,000	66,610	216,610
2012 – 2016	865,000	224,642	1,089,642
2017 – 2018	416,341	30,052	446,393
	\$ 1,971,341	\$ 645,984	\$ 2,617,325

## CITY OF CLAYTON, MISSOURI

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### Notes To Basic Financial Statements (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments for the governmental activities are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 4,326
<u>2008</u>	<u>4,326</u>
Total minimum lease payments	8,652
<u>Less: Imputed interest</u>	<u>510</u>
<u>Present value of minimum lease payments</u>	<u>\$ 8,142</u>

### 8. 401(k) Plan

The Board of Aldermen voted on September 27, 2005 to terminate the 401(k) Clayton Uniformed Employees Plan based on recommendations from the participants. During fiscal year 2006, the participants transferred all of their assets to other IRC eligible deferred compensation programs.

#### Financial Statements

##### Statement Of Fiduciary Net Assets

<u>Total Assets</u>	\$	—
<u>Net Assets Held In Trust For Pension Benefits</u>	\$	—

##### Statement Of Changes In Fiduciary Net Assets

<b>Additions (Reductions)</b>		
Investment income:		
Net appreciation (depreciation) in fair value of investments and interest and dividends	\$	(30,257)
<u>Less: Interest expense</u>		<u>—</u>
<u>Total Investment Income</u>		<u>—</u>
<b>Total Additions (Reductions)</b>		
<b>Deductions</b>		
Benefits		1,084,765
<u>Change In Net Assets</u>		<u>(1,115,022)</u>
<u>Net Assets Held In Trust For Pension Benefits, Beginning Of Year</u>		<u>1,115,022</u>
<u>Net Assets Held In Trust For Pension Benefits, End Of Year</u>	\$	<u>—</u>

**9. Employee Retirement Benefit Plans**

The City maintains two single-employer, defined benefit pension plans. The City's total payroll for the year ended September 30, 2006 was \$10,330,575. The actuarial accrued liability and actuarial value of assets for both plans is as follows:

	Non-Uniformed Employees July 1, 2005	Uniformed Employees January 1, 2006
Actuarial value of assets	\$ 8,655,695	\$ 22,514,850
<u>Actuarial accrued liability</u>	<u>8,512,416</u>	<u>27,182,515</u>
Excess of assets over (unfunded) actuarial accrued liability	\$ 143,279	\$ (4,667,665)

**Non-Uniformed Employees' Retirement Fund  
Financial Statements**

Statement Of Fiduciary Net Assets

Cash and investments	\$ 9,399,019
Interest receivable	4,598
<u>Total Assets</u>	<u>9,403,617</u>
<u>Net Assets Held For Pension Benefits</u>	<u>\$ 9,403,617</u>

## CITY OF CLAYTON, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### Statement Of Changes In Fiduciary Net Assets

<b>Additions</b>	
Contributions:	
Participant contributions	\$ —
Employer contributions	—
Total Contributions	<u>—</u>
Investment income:	
Net appreciation in fair value of investments and interest and dividends	736,062
Less: Investment expense	<u>(51,988)</u>
Total Investment Income	<u>684,074</u>
<b>Total Additions</b>	684,074
<b>Deductions</b>	
Benefits	<u>244,430</u>
<b>Change In Net Assets</b>	439,644
<b>Net Assets Held In Trust For Pension Benefits, Beginning Of Year</b>	<u>8,963,973</u>
<b>Net Assets Held In Trust For Pension Benefits, End Of Year</b>	<u><u>\$ 9,403,617</u></u>

#### *Plan Description And Provisions*

The City sponsors and administers a single-employer defined benefit pension plan, the Non-Uniformed Employees' Retirement Fund (NUERF), which covers substantially all full-time employees not covered under the City of Clayton Uniformed Employees' Retirement Fund. The NUERF does not issue a stand-alone financial report. The covered compensation for employees in the NUERF at July 1, 2005 was \$3,971,048. Current membership in the NUERF is as follows:

<u>Group</u>	<u>July 1, 2005</u>
Retirees and beneficiaries currently receiving benefits	27
Vested terminated employees	25
Active employees:	
Fully vested	57
Non-vested	33

## CITY OF CLAYTON, MISSOURI

### Notes To Basic Financial Statements (*Continued*)

Employees become eligible to participate in the NUERF after completion of six months of full-time employment. Employees attaining the age of 60 are entitled to annual benefits of 1.5% for each year of credited service times the average monthly compensation which is equal to the highest five consecutive years out of the last ten. All benefits are vested after 5 years of credited service. The NUERF permits early retirement at the completion of 10 years of credited service and attainment of age 55. The employee receives a retirement benefit, based on age, credited service, and average monthly compensation at early retirement, reduced by .25% for each month that early retirement precedes normal retirement.

If an employee terminates his/her employment and is not eligible for any other benefits under the NUERF, the employee is entitled to the following:

- With less than 5 years of credited service, a refund of member contributions plus 4% interest.
- With 5 or more years of credited service, the pension accrued to date of termination, payable commencing at his/her normal retirement date.

#### ***Funding Policy***

Employees are required to contribute 3% of annual salary to the NUERF. However, contribution requirements have been temporarily suspended since 1991. Investment income currently covers the costs of the NUERF. The City is required by plan ordinance to contribute at an actuarially determined rate. The actuarially recommended City contribution is 6.42% of covered compensation. For the plan year ending June 30, 2005, the latest actuarial valuation date, there was an actuarial required employer contribution of \$111,731. The City has not determined the amount that will be contributed as of September 30, 2006.

#### ***Annual Pension Cost And Net Pension Obligation***

The City's annual pension cost and net pension obligation for the NUERF are as follows:

Pension Plan							
Valuation Dated July 1,	Net Pension Obligation (Asset) Beginning Of Year	Annual Required Contribution	Interest On Net Pension Obligation (Asset)	Adjustment To Annual Required Contribution	Annual Pension Cost	Actual Contri- butions	Net Pension Obligation (Asset) End Of Year
	2005	\$ 53,259	\$ 111,731	\$ 1,631	\$ (2,557)	\$ 110,805	\$ —
2004	(163,572)	209,866	(12,258)	19,223	216,831	—	53,259
2003	(105,197)	—	(7,364)	11,547	4,183	62,558	(163,572)

**CITY OF CLAYTON, MISSOURI**Notes To Basic Financial Statements (*Continued*)

Historical trend information about the City's participation in the Plan is presented below.

<b>Pension Plan</b>			
<b>Actuarial Valuation Dated July 1,</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2005	\$ 110,805	—%	\$ 164,064
2004	216,831	—%	53,259
2003	4,183	1,495%	(163,572)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2005
Actuarial cost method	Entry Age (Normal)
Amortization method	Level dollar
Amortization period	Closed
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	4.5%
Post-retirement benefit increases	Lower of annual consumer price index or 2%

**Required Supplementary Information (Unaudited)**

<b>Schedule Of Funding Progress</b>			
<b>Actuarial Valuation Dated July 1,</b>	<b>Actuarial Value Of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Excess Of Assets Over AAL</b>
2005	\$ 8,655,695	\$ 8,512,416	\$ 143,279
2004	8,309,122	8,277,529	31,593
2003	8,054,378	7,356,093	698,285
2002	7,660,471	7,476,674	183,797
2001	8,148,374	6,481,796	1,666,578
2000	8,291,350	5,782,917	2,508,433

**CITY OF CLAYTON, MISSOURI**Notes To Basic Financial Statements (*Continued*)**Schedule Of Funding Progress (Continued)**

<b>Actuarial Valuation Dated July 1,</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Excess Of Assets As A Percentage Of Covered Payroll</b>
2005	101.68%	\$ 3,971,048	3.60%
2004	100.38%	3,806,509	0.83%
2003	109.49%	3,676,619	18.99%
2002	102.46%	4,112,317	4.47%
2001	125.71%	3,532,356	47.18%
2000	143.38%	3,336,208	75.19%

**Schedule Of Employer's Contributions**

<b>For The Years Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2006	\$ 111,731	\$ —	—
2005	209,866	—	—
2004	—	—	—
2003	54,152	181,951	336%
2002	—	—	—
2001	—	—	—



**CITY OF CLAYTON, MISSOURI**

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Notes To Basic Financial Statements (*Continued*)

**City Of Clayton Uniformed Employees' Retirement Fund  
Financial Statements**

**Statement of Fiduciary Net Assets**

**Assets**

Cash and cash equivalents	\$	485,262
Investments:		
U.S. government and agency securities		4,800,372
Foreign bonds		239,955
Common Stocks		2,364,900
Corporate bonds		2,631,077
Taxable municipal obligations		547,402
Mutual funds		12,650,460
Interest receivable		87,069
<b>Total Net Assets</b>	<b>\$</b>	<b>23,806,497</b>

**Statement of Changes in Fiduciary Net Assets**

**Additions**

Contributions:

Participant contributions	\$	216,234
Employer contributions		798,089
<b>Total Contributions</b>		<b>1,014,323</b>

Investment income:

Net appreciation in fair value of investments and interest and dividends		1,604,054
Less: Investment expense		(101,975)
<b>Total Investment Income</b>		<b>1,502,079</b>

**Total Additions** 2,516,402

**Deductions**

Benefits		768,426
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**Change In Net Assets** 1,747,976

**Net Assets Held In Trust For Pension**

<b>Benefits, Beginning Of Year</b>		<b>22,058,521</b>
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**Net Assets Held In Trust For Pension**

<b>Benefits, End Of Year</b>	<b>\$</b>	<b>23,806,497</b>
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***Plan Description And Provisions***

Under Ordinance No. 5028 as amended by Ordinance No. 5043, the City established a single-employer defined benefit plan, City of Clayton Uniformed Employees' Retirement Fund (the UERF) that provides retirement, disability and death benefits. The UERF does not issue a stand-alone financial report. The covered compensation for employees in the UERF at January 1, 2006 was \$5,170,744. Current membership in the UERF is as follows:

<b>Group</b>	<b>January 1, 2006</b>
Retirees and beneficiaries currently receiving benefits	42
Vested terminated employees	4
Active employees:	
Fully vested	46
Non-vested	41

Each employee who is employed by the City as a police officer or firefighter shall be eligible to participate in the UERF on the date the employee becomes a police officer or firefighter. Employees are vested after ten years. If an employee terminates before ten years of service, they are entitled to a refund of the employee contribution plus interest earned at 5%.

Employees are eligible for normal retirement benefits at age 55 and completion of ten years of credited service or age 50 and completion of 25 years of credited service or age 65 with completion of five years of credited service. The monthly retirement benefit is based on the final average salary, which is calculated as the greater of the top pay range of a police officer/firefighter or of the actual highest five year average annual salary out of the last ten years. The actual benefit is based on two percent for each year of credited service to a maximum of 60% of the final average monthly salary. Disabled employees or their surviving spouse will receive benefits based upon the years of service and basic pay of the employee as of such date. Early retirement is available to vested employees, but benefits are not paid until age 55.

***Funding Policy***

City ordinance requires each member to contribute 5% of basic pay during the first 30 years of credited service. The ordinance requires the City to contribute the actuarially computed amounts, which, together with employee contributions and investment income, will cover the costs of the Plan.

**CITY OF CLAYTON, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

***Annual Pension Cost And Net Pension Obligation***

The City's annual pension cost and net pension obligation (asset) for the UERF are as follows:

Pension Plan							
Actuarial Valuation Dated January 1,	Net Pension Obligation (Asset) Beginning Of Year	Annual Required Contribution	Interest On Net Pension Obligation (Asset)	Adjustment To Annual Required Contribution	Annual Pension Cost	Actual Contribution	Net Pension Obligation (Asset) End Of Year
2006	\$ (263,330)	\$ 798,089	\$ (18,433)	\$ 14,720	\$ 794,376	\$ 798,089	\$ (267,043)
2005	(258,944)	819,885	(18,126)	13,740	815,489	819,885	(263,330)
2004	(254,631)	846,500	(17,824)	13,511	842,187	846,500	(258,944)

Historical trend information about the City's participation in the UERF is presented below:

Pension Plan			
Actuarial Valuation Dated January 1,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2006	\$ 794,376	100.5%	\$ (267,043)
2005	815,499	100.5%	(263,330)
2004	842,187	100.5%	(258,944)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2006
Actuarial cost method	Entry age (normal)
Amortization method	Closed
Amortization period	28 years
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	3.5%
Post-retirement benefit increases	Lower of annual consumer price index or 2%

**CITY OF CLAYTON, MISSOURI**Notes To Basic Financial Statements (*Continued*)**Required Supplementary Information (Unaudited)****Schedule Of Funding Progress**

<b>Actuarial Valuation Dated January 1,</b>	<b>Actuarial Value Of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>
2006	\$ 22,515,000	\$ 27,183,000	\$ (4,668,000)
2005	21,317,000	26,264,000	(4,947,000)
2004	19,197,000	24,962,000	(5,765,000)
2003	17,284,000	23,705,000	(6,421,000)
2002	17,287,000	22,239,000	(4,952,000)
2001	17,397,000	19,930,000	(2,533,000)

**Schedule Of Funding Progress (Continued)**

<b>Actuarial Valuation Dated January 1,</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Unfunded AAL As A Percentage Of Covered Payroll</b>
2006	82.8%	\$ 5,171,000	(90.3)%
2005	81.2%	4,905,000	(100.8)%
2004	76.9%	4,314,000	(133.7)%
2003	72.9%	3,933,000	(163.2)%
2002	77.7%	4,299,000	(115.2)%
2001	87.3%	3,693,000	(68.6)%

**Schedule Of Employer's Contributions**

<b>For The Years Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2006	\$ 798,089	\$ 798,089	100.0%
2005	819,885	819,885	100.0%
2004	846,500	846,500	100.0%
2003	707,416	707,416	100.0%
2002	510,886	510,886	100.0%
2001	77,429	273,247	352.9%

## **10. Deferred Compensation Plan**

The City participates in a deferred compensation plan under Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

## **11. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City uses its Insurance Fund (an Internal Service Fund) to account for its risks of loss. During fiscal year 2005, the City made changes to its risk management program to lower premiums or to limit its financial exposure for claims.

Beginning in January 2005, the City joined the St. Louis Area Insurance Trust (SLAIT), a public entity risk pool, for general liability, law enforcement liability, public officials E&O, and automobile liability. The City's insurance coverage with each category of risk is in the amount of \$2 million per occurrence. The City pays an annual contribution to SLAIT for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, SLAIT is empowered to make special assessments. Members of SLAIT are jointly and severally liable for all claims against SLAIT. Prior to joining SLAIT the City was insured with a state-wide public entity risk pool, Missouri Public Entity Risk Management Fund (MOPERM), which operated in the same manner. The City of Clayton has no unsettled claims with MOPERM for which there is financial responsibility.

Until May 20, 2005, the City was self-insured for Workers' Compensation claims. As of September 30, 2006, one claim remains open (liability listed below) for which the City has no further financial responsibility. The remaining claim occurred in a year when the self-retention limit was exceeded. Therefore, any further claim payments will be reimbursed by the excess carrier. Since May 20, 2005, the City is insured for this coverage with SLAIT. SLAIT does not charge a deductible and therefore the City does not accrue a claims liability for workers' compensation claims (provided annual contributions are sufficient to pay the claims of the pool).

The Insurance Fund charges other funds for insurance coverage based on estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses. The claims liability reported, if any, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City purchases commercial insurance for all other risks of loss. There is no claims liability at September 30, 2006. Settlement claims have not exceeded commercial insurance coverage in any of the past three years.

## CITY OF CLAYTON, MISSOURI

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### Notes To Basic Financial Statements (Continued)

Changes in the self-insured workers' compensation (prior to May 20, 2005) claims payable liability were as follows:

Unpaid claims, September 30, 2004	\$ 59,333
Incurred claims	23,843
Claim payments	<u>(41,176)</u>
Unpaid claims, September 30, 2005	42,000
Incurred claims	—
Claim payments	33,683
Reserve releases	<u>8,317</u>
Unpaid claims, September 30, 2006	<u>\$ —</u>

## 12. Joint Venture

Pursuant to an agreement authorized by City ordinance, the City joined with the Clayton School District to construct and operate a recreational facility. The construction was funded by the City and the Clayton School District. Administration, accounting, repair, and maintenance of the facility will be shared in accordance with the agreement. The City has contributed approximately two-thirds of the construction in the amount of \$11,789,000. The joint venture's financial statements are available at the Clayton City Hall. The City is liable for one-half of any operational cash shortages incurred by the joint venture. The City paid \$75,000 for its share of the operational cash shortages incurred by the joint venture for the year ended September 30, 2006.

Condensed summary of financial information for the joint venture as of and for its fiscal year ended September 30, 2006 is as follows:

Assets	<u>\$ 16,495,274</u>
Liabilities	\$ 733,383
Invested in capital assets, net of related debt	15,785,414
Unrestricted deficit	<u>(23,523)</u>
Net Assets	<u>\$ 16,495,274</u>
Operating revenue	\$ 2,536,649
Operating expenses	3,262,270
Nonoperating revenue	37,921
Capital contributions	<u>150,000</u>
Change in net assets	<u>\$ (537,700)</u>

**13. Commitments And Contingencies**

**Litigation**

The City is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of all these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

**Federal Grants**

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

**14. Deficit Fund Balance**

The Redevelopment Forsyth/Hanley Road Fund had a deficit fund balance of \$40,387 at September 30, 2006. This amount will be reimbursed by the developer of record.

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## Required Supplementary Information

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**CITY OF CLAYTON, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
GENERAL FUND**

**For The Year Ended September 30, 2006**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
General property taxes	\$ 4,646,207	\$ 4,646,207	\$ 4,901,035	\$ 254,828
Licenses and permits	1,230,643	1,230,643	1,362,041	131,398
Public utility licenses	4,650,580	4,850,580	4,886,655	36,075
Intergovernmental	4,047,445	4,047,445	4,079,202	31,757
Community programs	966,637	966,637	1,112,109	145,472
Fines and forfeitures	725,900	725,900	765,952	40,052
Investment income	246,707	246,707	371,481	124,774
Miscellaneous	435,985	435,985	593,903	157,918
<b>Total Revenues</b>	<b>16,950,104</b>	<b>17,150,104</b>	<b>18,072,378</b>	<b>922,274</b>
<b>Expenditures</b>				
Current:				
General government	3,869,802	3,876,732	3,914,983	38,251
Public safety	8,015,445	8,015,445	7,915,406	(100,039)
Streets and highways	3,418,321	3,418,321	3,401,920	(16,401)
Parks and recreation	1,679,604	1,679,604	1,657,498	(22,106)
<b>Total Expenditures</b>	<b>16,983,172</b>	<b>16,990,102</b>	<b>16,889,807</b>	<b>(100,295)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(33,068)</b>	<b>160,002</b>	<b>1,182,571</b>	<b>1,022,569</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	—	57,392	57,392
Transfers out	(2,563)	(2,563)	—	(2,563)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,563)</b>	<b>(2,563)</b>	<b>57,392</b>	<b>59,955</b>
<b>Net Change In Fund Balances</b>	<b>\$ (35,631)</b>	<b>\$ 157,439</b>	<b>1,239,963</b>	<b>\$ 1,082,524</b>
<b>Adjustments To Reconcile To GAAP Basis</b>				
Encumbrances reserved at September 30, 2006			4,095	
Encumbrances reserved at September 30, 2005			(3,976)	
			<u>119</u>	
<b>Net Change In Fund Balances - GAAP Basis</b>			<b>1,240,082</b>	
<b>Fund Balance - Beginning Of Year</b>			<u>7,088,601</u>	
<b>Fund Balance - End Of Year</b>			<u><u>\$ 8,328,683</u></u>	

# CITY OF CLAYTON, MISSOURI

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## REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION September 30, 2006

### Explanation Of Budgetary Process

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to August 1, the City Manager submits to the Board of Aldermen a proposed operating budget for all funds, except the Police Forfeiture and P.O.S.T. Fund, Firefighter Assistance Grant Fund, 1997-98 Capital Project Bond Fund, 401(k) Plan Fund, the Redevelopment Forsyth/Hanley Road Fund, and proceeds from capital outlay for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings and open council meetings are held to obtain taxpayer comments.
- c. Prior to September 1, the budget is adopted by the Board of Aldermen.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America except that budgetary basis expenditures include encumbrances and loan payments in connection with short-term financing. Budgetary comparisons in the required supplementary information and other supplemental information are presented on this budgetary basis. Unencumbered appropriations lapse at fiscal year end.
- e. Current year budget includes amendments. Budget amendments between funds or departments must be approved by the Board of Aldermen.

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**Supplementary Information  
Combining and Individual Fund  
Financial Statements and Schedules**

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# CITY OF CLAYTON, MISSOURI

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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than or major capital projects) that are legally restricted to expenditures for specific purposes.

**Special Taxing District Fund** - This fund is used to account for the ad valorem real estate tax assessed on the Special Business District, which funds are to be utilized for promotion, maintenance, and improvements of the district.

**Sewer Lateral Fund** - This fund is used to account for sewer lateral fees assessed on all residential property, which funds are to be utilized for the repair of sewer lateral service lines up to a maximum of \$3,000 per residence.

**Police Forfeiture and P.O.S.T. Fund** - This fund is used to account for the fines and forfeitures received, which funds are to be utilized for police assistance, police training and police equipment purchases.

**Firefighter Assistance Grant Fund** - This fund is used to account for the grant received, which funds are to be utilized for firefighter assistance.

**Redevelopment Forsyth/Hanley Road** - This fund is used to account for fees associated with the redevelopment and construction of Forsyth and Hanley.

### CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**1997-98 Capital Project Bond Fund** - The 1997-98 Capital Project Bond Fund is a Capital Projects Fund used to account for specific improvements to park and recreational facilities and infrastructure improvements, which are funded by special obligation capital improvement bonds proceeds. The 1997-98 Capital Project Bond Fund was closed during fiscal year 2006.

**2002 Capital Project Bond Fund** - This fund is used to account for specific improvements to city hall/fire station renovation and renovation of the pool, diving tank and pool house at Shaw Park, which are funded by special obligation bond proceeds.

## CITY OF CLAYTON, MISSOURI

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**Capital Improvement Project Fund** – This fund is used to account for improvements to park and recreational facilities and stormwater systems which is funded by a 1/2% sales tax.

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of long-term debt, principal, interest, and related costs.

**2005 Bond Reserve Fund** - This fund is used to account for the amounts reserved according to the bond issue.

**1993-94, 99 Bond Issue Fund** - This fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest.

**1997-98 Bond Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, special obligation capital improvement bond principal and interest. This fund was closed during 2005.

**2005 Bond Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, special obligation refunding bond principal and interest.

**CITY OF CLAYTON, MISSOURI**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2006**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 286,367	\$ 246,762	\$ 967,063	\$ 1,500,192
Investments	98,329	98,329	—	196,658
Property taxes receivable	—	—	7,606	7,606
Intergovernmental receivable	—	188,268	—	188,268
Special assessments receivables	—	—	206,770	206,770
Interest receivable	915	915	12,124	13,954
Cash - restricted	—	—	113,420	113,420
Investments - restricted	—	—	1,190,979	1,190,979
<b>Total Assets</b>	<b>385,611</b>	<b>534,274</b>	<b>2,497,962</b>	<b>3,417,847</b>
 <b>Liabilities And Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	26,186	205,062	2,362	233,610
Accrued liabilities	10,923	54	—	10,977
Due to other funds	29,127	—	—	29,127
Deferred revenue	—	—	214,376	214,376
<b>Total Liabilities</b>	<b>66,236</b>	<b>205,116</b>	<b>216,738</b>	<b>488,090</b>
 <b>Fund Balances</b>				
Reserved for:				
Encumbrances	1,209	—	—	1,209
Debt service	—	—	2,281,224	2,281,224
Unreserved:				
Special Revenue Funds	318,166	—	—	318,166
Capital Projects Funds	—	329,158	—	329,158
<b>Total Fund Balances</b>	<b>319,375</b>	<b>329,158</b>	<b>2,281,224</b>	<b>2,929,757</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 385,611</b>	<b>\$ 534,274</b>	<b>\$ 2,497,962</b>	<b>\$ 3,417,847</b>

# CITY OF CLAYTON, MISSOURI

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS September 30, 2006

		Special Taxing District	Sewer Lateral	Police Forfeiture And P.O.S.T.	Firefighter Assistance Grant	Redevelopment Forsyth/Hanley Road	Total
<b>Assets</b>							
Cash and cash equivalents	\$	92,371	\$ 162,205	\$ 30,593	\$ 1,198	\$ —	\$ 286,367
Investments		98,329	—	—	—	—	98,329
Interest receivable		915	—	—	—	—	915
<b>Total Assets</b>		<b>191,615</b>	<b>162,205</b>	<b>30,593</b>	<b>1,198</b>	<b>—</b>	<b>385,611</b>
<b>Liabilities And Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable		12,276	2,650	—	—	11,260	26,186
Accrued liabilities		2,263	—	8,660	—	—	10,923
Due to other funds		—	—	—	—	29,127	29,127
<b>Total Liabilities</b>		<b>14,539</b>	<b>2,650</b>	<b>8,660</b>	<b>—</b>	<b>40,387</b>	<b>66,236</b>
<b>Fund Balances</b>							
Reserved for:							
Encumbrances		—	—	—	1,209	—	1,209
Unreserved:							
Special Revenue Funds		177,076	159,555	21,933	(11)	(40,387)	318,166
<b>Total Fund Balances</b>		<b>177,076</b>	<b>159,555</b>	<b>21,933</b>	<b>1,198</b>	<b>(40,387)</b>	<b>319,375</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$</b>	<b>191,615</b>	<b>\$ 162,205</b>	<b>\$ 30,593</b>	<b>\$ 1,198</b>	<b>\$ —</b>	<b>\$ 385,611</b>

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**CITY OF CLAYTON, MISSOURI**

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**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
September 30, 2006**

	<b>Capital Improvement Project Fund</b>	<b>Total</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 246,762	\$ 246,762
Investments	98,329	98,329
Intergovernmental receivable	188,268	188,268
Interest receivable	915	915
<b>Total Assets</b>	<b>534,274</b>	<b>534,274</b>
 <b>Liabilities And Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	205,062	205,062
Accrued liabilities	54	54
<b>Total Liabilities</b>	<b>205,116</b>	<b>205,116</b>
 <b>Fund Balances</b>		
Unreserved:		
Capital Projects Funds	329,158	329,158
<b>Total Fund Balances</b>	<b>329,158</b>	<b>329,158</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 534,274</b>	<b>\$ 534,274</b>



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**CITY OF CLAYTON, MISSOURI**

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**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
September 30, 2006**

	2005 Bond Reserve	1993-94, 99 Bond Issue	2005 Bond Debt Service	Total
<b>Assets</b>				
Cash and cash equivalents	\$ —	\$ 741,126	\$ 225,937	\$ 967,063
Property taxes receivable	—	7,606	—	7,606
Special assessment receivable	—	—	206,770	206,770
Interest receivable	12,124	—	—	12,124
Cash - restricted	113,420	—	—	113,420
Investments - restricted	1,190,979	—	—	1,190,979
<b>Total Assets</b>	<b>1,316,523</b>	<b>748,732</b>	<b>432,707</b>	<b>2,497,962</b>
<b>Liabilities And Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	—	—	2,362	2,362
Deferred revenue	—	7,606	206,770	214,376
<b>Total Liabilities</b>	<b>—</b>	<b>7,606</b>	<b>209,132</b>	<b>216,738</b>
<b>Fund Balances</b>				
Reserved for: Debt service	1,316,523	741,126	223,575	2,281,224
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,316,523</b>	<b>\$ 748,732</b>	<b>\$ 432,707</b>	<b>\$ 2,497,962</b>

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended September 30, 2006**

	Special Revenue	Capital Projects	Debt Service Fund	Total
<b>Revenues</b>				
General property taxes	\$ 110,425	\$ —	\$ 1,075,408	\$ 1,185,833
Assessment income	97,978	—	51,253	149,231
Intergovernmental	—	1,477,746	—	1,477,746
Fines and forfeitures	11,814	—	—	11,814
Investment income	20,187	10,898	70,752	101,837
Miscellaneous	—	2,000	—	2,000
<b>Total Revenues</b>	<b>240,404</b>	<b>1,490,644</b>	<b>1,197,413</b>	<b>2,928,461</b>
<b>Expenditures</b>				
Current:				
General government	—	—	2,513	2,513
Public safety	6,743	—	—	6,743
Community development	254,375	—	—	254,375
Capital outlay	63,086	783,004	—	846,090
Debt service:				
Principal	—	815,000	1,650,000	2,465,000
Interest and fiscal charges	—	232,640	729,608	962,248
<b>Total Expenditures</b>	<b>324,204</b>	<b>1,830,644</b>	<b>2,382,121</b>	<b>4,536,969</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(83,800)</b>	<b>(340,000)</b>	<b>(1,184,708)</b>	<b>(1,608,508)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	1,383,640	1,246,192	2,629,832
Transfers out	(1,539)	(1,490,407)	(36,495)	(1,528,441)
<b>Total Other Financing Uses</b>	<b>(1,539)</b>	<b>(106,767)</b>	<b>1,209,697</b>	<b>1,101,391</b>
<b>Net Changes In Fund Balances</b>	<b>(85,339)</b>	<b>(446,767)</b>	<b>24,989</b>	<b>(507,117)</b>
<b>Fund Balances</b>				
Beginning of year	404,714	775,925	2,256,235	3,436,874
End of year	\$ 319,375	\$ 329,158	\$ 2,281,224	\$ 2,929,757

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

**For The Year Ended September 30, 2006**

	Special Taxing District	Sewer Lateral	Police Forfeiture And P.O.S.T.	Firefighter Assistance Grant	Redevelopment Forsyth/Hanley Road	Total
<b>Revenues</b>						
General property taxes	\$ 110,425	\$ —	\$ —	\$ —	\$ —	\$ 110,425
Assessment income	—	97,978	—	—	—	97,978
Fines and forfeitures	—	—	11,814	—	—	11,814
Investment income	10,348	8,069	1,351	—	419	20,187
<b>Total Revenues</b>	<b>120,773</b>	<b>106,047</b>	<b>13,165</b>	<b>—</b>	<b>419</b>	<b>240,404</b>
<b>Expenditures</b>						
Current:						
Public safety	—	—	6,743	—	—	6,743
Community development	173,167	—	—	—	81,208	254,375
Capital outlay	—	61,073	—	2,013	—	63,086
<b>Total Expenditures</b>	<b>173,167</b>	<b>61,073</b>	<b>6,743</b>	<b>2,013</b>	<b>81,208</b>	<b>324,204</b>
<b>Revenues Over</b>						
<b>(Under) Expenditures</b>	<b>(52,394)</b>	<b>44,974</b>	<b>6,422</b>	<b>(2,013)</b>	<b>(80,789)</b>	<b>(83,800)</b>
<b>Other Financing Uses</b>						
Transfers out	(1,539)	—	—	—	—	(1,539)
<b>Total Other Financing Uses</b>	<b>(1,539)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,539)</b>
<b>Net Changes In Fund Balances</b>	<b>(53,933)</b>	<b>44,974</b>	<b>6,422</b>	<b>(2,013)</b>	<b>(80,789)</b>	<b>(85,339)</b>
<b>Fund Balances</b>						
Beginning of year	231,009	114,581	15,511	3,211	40,402	404,714
End of year	\$ 177,076	\$ 159,555	\$ 21,933	\$ 1,198	\$ (40,387)	\$ 319,375

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECTS FUNDS  
For The Year Ended September 30, 2006**

	1997-98 Capital Project Bond Fund	Capital Improvement Project Fund	2002 Capital Project Bond Fund	Total
<b>Revenues</b>				
Intergovernmental	\$ —	\$ 1,477,746	\$ —	\$ 1,477,746
Investment income	—	10,898	—	10,898
Miscellaneous	—	2,000	—	2,000
<b>Total Revenues</b>	<b>—</b>	<b>1,490,644</b>	<b>—</b>	<b>1,490,644</b>
<b>Expenditures</b>				
Current:				
Capital outlay	—	783,004	—	783,004
Debt service:				
Principal	—	—	815,000	815,000
Interest and fiscal charges	—	—	232,640	232,640
<b>Total Expenditures</b>	<b>—</b>	<b>783,004</b>	<b>1,047,640</b>	<b>1,830,644</b>
<b>Revenues Over (Under) Expenditures</b>	<b>—</b>	<b>707,640</b>	<b>(1,047,640)</b>	<b>(340,000)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	336,000	1,047,640	1,383,640
Transfers out	(90,284)	(1,400,123)	—	(1,490,407)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,284)</b>	<b>(1,064,123)</b>	<b>1,047,640</b>	<b>(106,767)</b>
<b>Net Changes In Fund Balances</b>	<b>(90,284)</b>	<b>(356,483)</b>	<b>—</b>	<b>(446,767)</b>
<b>Fund Balances</b>				
Beginning of year	90,284	685,641	—	775,925
End of year	\$ —	\$ 329,158	\$ —	\$ 329,158

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR DEBT SERVICE FUNDS  
For The Year Ended September 30, 2006**

	2005 Bond Reserve	1993-94, 99 Bond Issue	2005 Bond Debt Service	Total
<b>Revenues</b>				
General property taxes	\$ —	\$ 1,075,408	\$ —	\$ 1,075,408
Assessment income	—	—	51,253	51,253
Investment income	24,892	45,860	—	70,752
<b>Total Revenues</b>	24,892	1,121,268	51,253	1,197,413
<b>Expenditures</b>				
Current:				
General government	—	—	2,513	2,513
Debt service:				
Principal	—	810,000	840,000	1,650,000
Interest and fiscal charges	—	299,905	429,703	729,608
<b>Total Expenditures</b>	—	1,109,905	1,272,216	2,382,121
<b>Revenues Over (Under) Expenditures</b>	24,892	11,363	(1,220,963)	(1,184,708)
<b>Other Financing Sources (Uses)</b>				
Transfers in	—	—	1,246,192	1,246,192
Transfers out	(36,495)	—	—	(36,495)
<b>Total Other Financing Sources (Uses)</b>	(36,495)	—	1,246,192	1,209,697
<b>Net Changes In Fund Balances</b>	(11,603)	11,363	25,229	24,989
<b>Fund Balances</b>				
Beginning of year	1,328,126	729,763	198,346	2,256,235
End of year	\$ 1,316,523	\$ 741,126	\$ 223,575	\$ 2,281,224

## CITY OF CLAYTON, MISSOURI

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL TAXING DISTRICT SPECIAL REVENUE FUND – BUDGET BASIS September 30, 2006

	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
General property taxes:			
Current real estate	\$ 127,400	\$ 110,611	\$ (16,789)
Intangible property tax	550	—	(550)
Total General Property Taxes	127,950	110,611	(17,339)
Investment income	5,700	10,348	4,648
<b>Total Revenues</b>	133,650	120,959	(12,691)
<b>Expenditures</b>			
Community development	186,080	173,167	(12,913)
<b>Revenues Over (Under) Expenditures</b>	(52,430)	(52,209)	221
<b>Other Financing Uses</b>			
Transfers out	(1,539)	(1,539)	—
<b>Net Change In Fund Balances</b>	\$ (53,969)	(53,748)	\$ 221
<b>Fund Balances</b>			
Beginning of year		231,009	
End of year		\$ 177,261	

**CITY OF CLAYTON, MISSOURI**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL -  
SEWER LATERAL SPECIAL REVENUE FUND - BUDGET BASIS  
For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Assessment income	\$ 96,000	\$ 97,978	\$ 1,978
Investment income	3,750	8,069	4,319
<b>Total Revenues</b>	<b>99,750</b>	<b>106,047</b>	<b>6,297</b>
<b>Expenditures</b>			
Capital outlay	99,750	61,073	(38,677)
<b>Revenues Over Expenditures</b>	<b>\$ —</b>	<b>44,974</b>	<b>\$ 44,974</b>
<b>Fund Balances</b>			
Beginning of year		<u>114,581</u>	
End of year		<u>\$ 159,555</u>	

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
CAPITAL IMPROVEMENT PROJECT CAPITAL PROJECTS FUND –  
BUDGET BASIS**

**For The Year Ended September 30, 2006**

	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Intergovernmental	\$ 1,385,862	\$ 1,477,747	\$ 91,885
Investment income	—	10,898	10,898
Miscellaneous	330,000	2,000	(328,000)
<b>Total Revenues</b>	1,715,862	1,490,645	(225,217)
<b>Expenditures</b>			
Capital outlay	1,071,858	782,953	(288,905)
<b>Revenues Over Expenditures</b>	644,004	707,692	63,688
<b>Other Financing Sources (Uses)</b>			
Transfers in	336,000	336,000	—
Transfers out	(1,400,123)	(1,400,123)	—
<b>Total Other Financing Sources (Uses)</b>	(1,064,123)	(1,064,123)	—
<b>Net Change In Fund Balances</b>	\$ (420,119)	(356,431)	\$ 63,688
<b>Adjustments To Reconcile To GAAP Basis</b>			
Encumbrances reserved at September 30, 2006		—	
Encumbrances reserved at September 30, 2005		(52)	
		(52)	
<b>Net Change In Fund Balance - GAAP Basis</b>		(356,483)	
<b>Fund Balances</b>			
Beginning of year		685,641	
End of year		\$ 329,158	



**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
2002 CAPITAL PROJECT BOND CAPITAL PROJECTS FUND –  
BUDGET BASIS**

**For The Year Ended September 30, 2006**

	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Investment income	\$ —	\$ —	\$ —
<b>Expenditures</b>			
Debt service:			
Principal	815,000	815,000	—
Interest and fiscal charges	231,973	232,640	667
<b>Total Expenditures</b>	1,046,973	1,047,640	667
<b>Revenues Over (Under) Expenditures</b>	(1,046,973)	(1,047,640)	(667)
<b>Other Financing Sources</b>			
Transfers in	1,046,973	1,047,640	667
<b>Net Change In Fund Balances</b>	\$ —	—	\$ —
<b>Fund Balances</b>			
Beginning of year		—	
End of year		\$ —	

**CITY OF CLAYTON, MISSOURI**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
2005 BOND RESERVE DEBT SERVICE FUND – BUDGET BASIS  
For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Investment income	\$ 36,495	\$ 24,892	\$ (11,603)
<b>Other Financing Uses</b>			
Transfers out	(36,495)	(36,495)	—
<b>Revenues Under Expenditures</b>	<u>\$ —</u>	<u>(11,603)</u>	<u>\$ (11,603)</u>
<b>Fund Balances</b>			
Beginning of year		<u>1,328,126</u>	
End of year		<u>\$ 1,316,523</u>	

**CITY OF CLAYTON, MISSOURI**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
1993-94, 99 BOND DEBT SERVICE FUND – BUDGET BASIS  
For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
General property taxes	\$ 1,092,300	\$ 1,075,408	\$ (16,892)
Investment income	21,000	45,860	24,860
<b>Total Revenues</b>	<b>1,113,300</b>	<b>1,121,268</b>	<b>7,968</b>
<b>Expenditures</b>			
Debt service:			
Principal	810,000	810,000	—
Interest and fiscal charges	301,555	299,905	(1,650)
<b>Total Expenditures</b>	<b>1,111,555</b>	<b>1,109,905</b>	<b>(1,650)</b>
<b>Net Change In Fund Balances</b>	<b>\$ 1,745</b>	<b>11,363</b>	<b>\$ 9,618</b>
<b>Fund Balances</b>			
Beginning of year		<u>729,803</u>	
End of year		<u>\$ 741,166</u>	

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**CITY OF CLAYTON, MISSOURI**

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
2005 BOND DEBT SERVICE FUND – BUDGET BASIS  
For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Assessment income	\$ 23,847	\$ 51,253	\$ 27,406
<b>Total Revenues</b>	<b>23,847</b>	<b>51,253</b>	<b>27,406</b>
<b>Expenditures</b>			
Current:			
General government	2,001	2,513	512
Debt service:			
Principal	840,000	840,000	—
Interest and fiscal charges	429,703	429,703	—
<b>Total Expenditures</b>	<b>1,271,704</b>	<b>1,272,216</b>	<b>512</b>
<b>Revenues Under Expenditures</b>	<b>(1,247,857)</b>	<b>(1,220,963)</b>	<b>26,894</b>
<b>Other Financing Sources</b>			
Transfers in	1,247,857	1,246,192	(1,665)
<b>Total Other Financing Sources</b>	<b>1,247,857</b>	<b>1,246,192</b>	<b>(1,665)</b>
<b>Net Change In Fund Balances</b>	<b>\$ —</b>	<b>25,229</b>	<b>\$ 25,229</b>
<b>Fund Balances</b>			
Beginning of year		<u>198,346</u>	
End of year		<u>\$ 223,575</u>	

# CITY OF CLAYTON, MISSOURI

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## MAJOR GOVERNMENTAL FUNDS – BUDGETARY INFORMATION

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**Revolving Public Improvement Fund** – This fund is used to monitor the funding of special infrastructure improvements throughout the City. Revenues derived by this fund are special assessments that are levied and 1% gross receipts tax on utilities.

**Equipment Replacements Fund** – This fund is used to account for the accumulation of funds, which are to be utilized for equipment replacement needs.

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
REVOLVING PUBLIC IMPROVEMENT CAPITAL PROJECTS FUND –  
BUDGET BASIS**

**For The Year Ended September 30, 2006**

	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Assessment income	\$ 37,800	\$ 37,023	\$ (777)
Public utility licenses	5,000	4,190	(810)
Intergovernmental	2,816,321	1,963,867	(852,454)
Investment income	—	73,465	73,465
Miscellaneous	24,050	495	(23,555)
<b>Total Revenues</b>	<b>2,883,171</b>	<b>2,079,039</b>	<b>(804,132)</b>
<b>Expenditures</b>			
Capital outlay	3,712,152	1,919,534	(1,792,618)
<b>Revenues Over (Under) Expenditures</b>	<b>(828,981)</b>	<b>159,505</b>	<b>988,486</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	406,147	496,431	90,284
Transfers out	(953,450)	(1,011,509)	(58,059)
<b>Total Other Financing Sources (Uses)</b>	<b>(547,303)</b>	<b>(515,079)</b>	<b>32,224</b>
<b>Net Change In Fund Balances</b>	<b>\$ (1,376,284)</b>	<b>(355,573)</b>	<b>\$ 1,020,711</b>
<b>Adjustments To Reconcile To GAAP Basis</b>			
Encumbrances reserved at September 30, 2006		357,552	
Encumbrances reserved at September 30, 2005		(669,335)	
		<b>(311,783)</b>	
<b>Net Changes In Fund Balance - GAAP Basis</b>		<b>(667,356)</b>	
<b>Fund Balances</b>			
Beginning of year		<b>2,469,123</b>	
End of year		<b>\$ 1,801,767</b>	

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL –  
EQUIPMENT REPLACEMENTS CAPITAL PROJECTS FUND –  
BUDGET BASIS**

**For The Year Ended September 30, 2006**

	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Investment income	\$ 81,000	\$ 118,272	\$ 37,272
<b>Expenditures</b>			
Capital outlay	1,125,081	1,090,602	(34,479)
<b>Revenues Over (Under) Expenditures</b>	<b>(1,044,081)</b>	<b>(972,330)</b>	<b>71,751</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	306,143	304,742	(1,401)
Transfers out	—	(43,970)	(43,970)
Sale of capital assets	135,607	123,688	(11,920)
<b>Total Other Financing Sources (Uses)</b>	<b>441,750</b>	<b>384,460</b>	<b>(57,291)</b>
<b>Net Change In Fund Balances</b>	<b>\$ (602,331)</b>	<b>(587,870)</b>	<b>\$ 14,461</b>
<b>Adjustments To Reconcile To GAAP Basis</b>			
Encumbrances reserved at September 30, 2006		242,976	
Encumbrances reserved at September 30, 2005		(5,940)	
		<b>237,036</b>	
<b>Net Change In Fund Balances - GAAP Basis</b>		<b>(350,834)</b>	
<b>Fund Balances</b>			
Beginning of year		<b>3,000,009</b>	
End of year		<b>\$ 2,649,175</b>	

## **CITY OF CLAYTON, MISSOURI**

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### **PROPRIETARY FUNDS**

Proprietary Funds are used to account for those operations that are financed and operated in a manner similar to private business, or where the governing body has decided that determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

### **ENTERPRISE FUND**

**Parking Facilities Fund** – This fund is used to account for the City's parking operations.

### **INTERNAL SERVICE FUND**

**Insurance Fund** – This fund is used to account for all the City's insurance operations.



## CITY OF CLAYTON, MISSOURI

### SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – BUDGET AND ACTUAL – PARKING FACILITIES ENTERPRISE FUND For The Year Ended September 30, 2006

	Final Budget	Actual	Over (Under) Budget
<b>Operating Revenues</b>			
St. Louis parking systems	\$ 520,000	\$ 466,561	\$ (53,439)
Parking lot revenue	143,260	131,867	(11,393)
Parking meter revenue	925,450	888,132	(37,318)
<b>Total Operating Revenues</b>	<b>1,588,710</b>	<b>1,486,560</b>	<b>(102,150)</b>
<b>Operating Expenses</b>			
Personnel services	290,292	282,864	(7,428)
Contractual services	551,942	420,125	(131,817)
Commodities	54,575	48,424	(6,151)
Depreciation	—	334,599	334,599
Insurance and fringe benefits	41,269	41,269	—
<b>Total Operating Expenses</b>	<b>938,078</b>	<b>1,127,281</b>	<b>189,203</b>
<b>Operating Income (Loss)</b>	<b>650,632</b>	<b>359,279</b>	<b>(291,353)</b>
<b>Nonoperating Revenue (Expense)</b>			
Gain on sale of capital assets	4,274,700	2,243,132	(2,031,568)
Investment income	187,965	367,140	179,175
Interest expense	(123,312)	(146,827)	23,515
<b>Total Nonoperating Revenue (Expense)</b>	<b>4,339,353</b>	<b>2,463,445</b>	<b>(1,875,908)</b>
<b>Income (Loss) Before Transfers</b>	<b>4,989,985</b>	<b>2,822,724</b>	<b>(2,167,261)</b>
<b>Transfers</b>			
Transfers in	349,312	43,970	(305,342)
Transfers out	(1,300,410)	(948,447)	(351,963)
<b>Total Transfers</b>	<b>(951,098)</b>	<b>(904,477)</b>	<b>(657,305)</b>
<b>Change In Net Assets</b>	<b>\$ 4,038,887</b>	<b>1,918,247</b>	<b>\$ 2,120,640</b>
<b>Adjustment To Reconcile To GAAP Basis</b>			
Encumbrances reserved at September 30, 2005		(381)	
<b>Change In Net Assets - GAAP Basis</b>		<b>1,917,866</b>	
<b>Net Assets</b>			
Beginning of year		18,034,921	
End of year		<b>\$ 19,952,787</b>	

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –  
BUDGET AND ACTUAL –  
INTERNAL SERVICE FUND  
For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Operating Revenues</b>			
Participant contributions	\$ 195,768	\$ 179,782	\$ (15,986)
Employer contributions	1,706,425	1,555,961	(150,464)
Reimbursements	31,307	72,292	40,985
<b>Total Operating Revenues</b>	<u>1,933,500</u>	<u>1,808,035</u>	<u>(125,465)</u>
<b>Operating Expenses</b>			
Contractual services	2,176,474	2,012,252	(164,222)
<b>Operating Income (Loss)</b>	<u>(242,974)</u>	<u>(204,217)</u>	<u>38,757</u>
<b>Nonoperating Revenue</b>			
Investment income	3,000	14,729	11,729
Miscellaneous income	9,000	140,463	131,463
<b>Total Nonoperating Revenue</b>	<u>12,000</u>	<u>155,192</u>	<u>143,192</u>
<b>Change In Net Assets</b>	<u>\$ (230,974)</u>	<u>(49,025)</u>	<u>\$ 181,949</u>
<b>Adjustment To Reconcile To GAAP Basis</b>			
Encumbrances reserved at September 30, 2005		<u>(4,914)</u>	
<b>Change In Net Assets - GAAP Basis</b>		(53,939)	
<b>Net Assets</b>			
Beginning of year		<u>572,326</u>	
End of year		<u>\$ 518,387</u>	

## **CITY OF CLAYTON, MISSOURI**

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### **FIDUCIARY FUNDS**

Trust Funds are used to account for assets held by the City in a trustee capacity.

### **PENSION TRUST FUNDS**

**Non-Uniformed Employees' Retirement Fund** - This fund is used to account for assets held in a trustee capacity for the City's non-uniformed employees.

**City of Clayton Uniformed Employees' Pension Fund** - This fund is used to account for assets held in a trustee capacity for the City's police officers and firefighters.

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS –  
PENSION TRUST FUNDS  
September 30, 2006**

	<b>Non- Uniformed Employees' Retirement Fund</b>	<b>City Of Clayton Uniformed Employees' Pension Fund</b>	<b>401(k) Plan Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ —	\$ 485,262	\$ —	\$ 485,262
Investments:				
U.S. government and agency securities	—	4,800,372	—	4,800,372
Foreign bonds	—	239,955	—	239,955
Common stocks	—	2,364,900	—	2,364,900
Corporate bonds	—	2,631,077	—	2,631,077
Taxable municipal obligations	—	547,402	—	547,402
Mutual funds	9,399,019	12,650,460	—	22,049,479
Interest receivable	4,598	87,069	—	91,667
<b>Total Assets</b>	<b>9,403,617</b>	<b>23,806,497</b>	<b>—</b>	<b>33,210,114</b>
<b>Net Assets</b>				
Held in trust for pension benefits	\$ 9,403,617	\$ 23,806,497	\$ —	\$ 33,210,114

**CITY OF CLAYTON, MISSOURI**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS –  
PENSION TRUST FUNDS**

**September 30, 2006**

	Non- Uniformed Employees' Retirement Fund	City Of Clayton Uniformed Employees' Pension Fund	401(k) Plan Fund	Total
<b>Additions</b>				
Contributions:				
Participant contributions	\$ —	\$ 216,234	\$ —	\$ 216,234
Employer contributions	—	798,089	—	798,089
<b>Total Contributions</b>	<b>—</b>	<b>1,014,323</b>	<b>—</b>	<b>1,014,323</b>
Investment income:				
Net appreciation (depreciation) in fair value of investments and interest and dividends	736,062	1,604,054	(30,257)	2,309,859
Less: Investment expense	(51,988)	(101,975)	—	(153,963)
<b>Total Investment Income</b>	<b>684,074</b>	<b>1,502,079</b>	<b>(30,257)</b>	<b>2,155,896</b>
<b>Total Additions</b>	<b>684,074</b>	<b>2,516,402</b>	<b>(30,257)</b>	<b>3,170,219</b>
<b>Deductions</b>				
Benefits	244,430	768,426	1,084,765	2,097,621
<b>Change In Net Assets</b>	<b>439,644</b>	<b>1,747,976</b>	<b>(1,115,022)</b>	<b>1,072,598</b>
<b>Net Assets Held In Trust For Pension</b>				
<b>Benefits, Beginning Of Year</b>	<b>8,963,973</b>	<b>22,058,521</b>	<b>1,115,022</b>	<b>32,137,516</b>
<b>Net Assets Held In Trust For Pension</b>				
<b>Benefits, End Of Year</b>	<b>\$ 9,403,617</b>	<b>\$ 23,806,497</b>	<b>\$ —</b>	<b>\$ 33,210,114</b>

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND  
ACTUAL - NON-UNIFORMED EMPLOYEES' RETIREMENT  
PENSION TRUST FUND**

**For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Additions</b>			
Investment income:			
Net appreciation in fair value of investments and interest and dividends	\$ 578,558	\$ 736,062	\$ 157,504
Less: Investment expense	(38,964)	(51,988)	13,024
<b>Total Investment Income</b>	<b>539,594</b>	<b>684,074</b>	<b>144,480</b>
<b>Total Additions</b>	<b>539,594</b>	<b>684,074</b>	<b>144,480</b>
<b>Deductions</b>			
Benefits	237,400	244,430	7,030
<b>Change In Net Assets</b>	<b>\$ 302,194</b>	<b>439,644</b>	<b>\$ 137,450</b>
<b>Net Assets Held In Trust For Pension Benefits - Beginning Of Year</b>		<u>8,963,973</u>	
<b>Net Assets Held In Trust For Pension Benefits - End Of Year</b>		<u>\$ 9,403,617</u>	

**CITY OF CLAYTON, MISSOURI**

**SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND  
ACTUAL - CITY OF CLAYTON UNIFORMED EMPLOYEES'  
PENSION TRUST FUND**

**For The Year Ended September 30, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Additions</b>			
Contributions:			
Participant contributions	\$ 224,400	\$ 216,234	\$ (8,166)
Employer contributions	798,089	798,089	—
<b>Total Contributions</b>	<b>1,022,489</b>	<b>1,014,323</b>	<b>(8,166)</b>
Investment income:			
Net appreciation in fair value of investments and interest and dividends	1,638,462	1,604,054	(34,408)
Less: Investment expense	(81,083)	(101,975)	(20,892)
<b>Total Investment Income</b>	<b>1,557,379</b>	<b>1,502,079</b>	<b>(55,300)</b>
<b>Total Additions</b>	<b>2,579,868</b>	<b>2,516,401</b>	<b>(63,467)</b>
<b>Deductions</b>			
Benefits	772,209	768,426	(3,783)
<b>Change In Net Assets</b>	<b>\$ 1,807,659</b>	<b>1,747,976</b>	<b>\$ (59,683)</b>
<b>Net Assets Held In Trust For Pension</b>			
Benefits - Beginning Of Year		<u>22,058,521</u>	
<b>Net Assets Held In Trust For Pension</b>			
Benefits - End Of Year		<u>\$ 23,806,497</u>	

**CITY OF CLAYTON, MISSOURI**

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**STATISTICAL SECTION**



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# CITY OF CLAYTON, MISSOURI

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## NET ASSETS BY COMPONENT Last Four Fiscal Years

<b>Functions/Programs</b>	<b>September 30</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 3,385,887	\$ 5,755,970	\$ 6,595,418	\$ 8,732,202
Restricted	7,061,365	7,167,871	2,512,962	2,613,411
Unrestricted	10,606,559	10,849,389	14,478,948	14,090,912
Total governmental activities net assets	\$ 21,053,811	\$ 23,773,230	\$ 23,587,328	\$ 25,436,525
Business-type activities:				
Invested in capital assets, net of related debt	\$ 9,825,160	\$ 10,256,621	\$ 11,540,026	\$ 9,545,577
Restricted	363,211	364,327	283,450	280,174
Unrestricted	7,055,289	7,316,261	6,211,445	10,127,036
Total business-type activities net assets	\$ 17,243,660	\$ 17,937,209	\$ 18,034,921	\$ 19,952,787
Primary government:				
Invested in capital assets, net of related debt	\$ 13,211,047	\$ 16,012,591	\$ 18,135,444	\$ 18,277,779
Restricted	7,424,576	7,532,198	2,796,412	2,893,585
Unrestricted	17,661,848	18,165,650	20,690,393	24,217,948
Total primary government net assets	\$ 38,297,471	\$ 41,710,439	\$ 41,622,249	\$ 45,389,312

Notes:

GASB Statement 34 was implemented in 2003.

Source: Basic financial statements

# CITY OF CLAYTON, MISSOURI

## CHANGES IN NET ASSETS

Last Four Fiscal Years

Page 1 Of 2

	September 30,			
	2003	2004	2005	2006
<b>Primary Government Expenses</b>				
Governmental activities:				
General Government	\$ 3,185,066	\$ 2,875,742	\$ 4,706,827	\$ 4,253,478
Public Safety	7,655,085	8,243,416	8,198,773	8,660,970
Streets and highways	4,158,084	4,856,137	4,530,110	4,530,039
Parks and recreation	2,014,876	2,279,115	2,211,655	2,865,602
Community development	130,408	100,657	528,627	975,774
Interest on long-term debt	1,211,293	1,218,464	861,255	989,693
<b>Total governmental expenses</b>	<b>18,354,812</b>	<b>19,573,531</b>	<b>21,037,247</b>	<b>22,275,556</b>
Business-type activities:				
Parking facility	1,042,756	1,092,781	1,247,961	1,274,489
<b>Total business-type activities:</b>	<b>1,042,756</b>	<b>1,092,781</b>	<b>1,247,961</b>	<b>1,274,489</b>
<b>Total Primary Government Expenses</b>	<b>\$ 19,397,568</b>	<b>\$ 20,666,312</b>	<b>\$ 22,285,208</b>	<b>\$ 23,550,045</b>
<b>Primary Government Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 777,873	\$ 621,820	\$ 595,618	\$ 666,138
Public safety	1,230,252	1,334,618	1,381,324	931,486
Streets and highways	154,909	622,814	238,677	246,210
Parks and recreation	491,455	548,968	611,660	672,161
Community development	301,011	802,980	824,766	1,309,048
Operating grants and contributions	1,340,611	2,078,952	1,680,413	924,132
Capital grants and contributions	120,433	—	—	—
<b>Total governmental activities program revenues</b>	<b>4,416,544</b>	<b>6,010,152</b>	<b>5,332,458</b>	<b>4,749,175</b>
Business-type activities:				
Charges for services:				
Parking facility	1,721,204	1,711,194	1,595,313	1,486,560
<b>Total business-type activities program revenues</b>	<b>1,721,204</b>	<b>1,711,194</b>	<b>1,595,313</b>	<b>1,486,560</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 6,137,748</b>	<b>\$ 7,721,346</b>	<b>\$ 6,927,771</b>	<b>\$ 6,235,735</b>
<b>Net Revenue (Expense)</b>				
Governmental activities	\$ (13,938,268)	\$ (13,563,379)	\$ (15,704,789)	\$ (17,526,381)
Business-type activities	678,448	618,413	347,352	212,071
<b>Total Primary Government Net Expense</b>	<b>\$ (13,259,820)</b>	<b>\$ (12,944,966)</b>	<b>\$ (15,357,437)</b>	<b>\$ (17,314,310)</b>

# CITY OF CLAYTON, MISSOURI

## CHANGES IN NET ASSETS

Last Four Fiscal Years

Page 2 Of 2

General Revenues And Other Changes In Net Assets	September 30,			
	2003	2004	2005	2006
Governmental Activities:				
Taxes:				
Property	\$ 4,496,193	\$ 4,648,009	\$ 4,707,073	\$ 6,135,030
Sales	5,640,949	5,563,404	5,706,839	5,934,900
Utility	3,803,453	4,361,026	4,553,878	4,890,845
Other	104,854	100,534	100,613	554,595
Licenses (taxes)	493,240	492,858	—	—
Investment income	442,863	349,778	329,421	665,054
Contribution*	800,000	—	—	—
Gain (loss) on sale of capital assets	(98,720)	—	—	70,222
Miscellaneous	297,353	205,002	284,031	220,455
Transfers	145,374	139,849	390,576	904,477
Total governmental activities revenues and transfers	16,125,559	15,860,460	16,072,431	19,375,578
Business-type activities:				
Investment income	242,034	214,985	140,936	367,140
Gain (loss) on sale of capital assets	—	—	—	2,243,132
Miscellaneous	658	—	—	—
Transfers	(145,374)	(139,849)	(390,576)	(904,477)
Total business-type activities revenues and transfers	97,318	75,136	(249,640)	1,705,795
<b>Total General Revenues And Other Changes In Net Assets</b>	<b>\$ 16,222,877</b>	<b>\$ 15,935,596</b>	<b>\$ 15,822,791</b>	<b>\$ 21,081,373</b>
<b>Changes in Net Assets</b>				
Governmental activities	\$ 2,187,291	\$ 2,297,081	\$ 367,642	\$ 1,849,197
Business-type activities	775,766	693,549	97,712	1,917,866
<b>Total Changes In Net Assets</b>	<b>\$ 2,963,057</b>	<b>\$ 2,990,630</b>	<b>\$ 465,354</b>	<b>\$ 3,767,063</b>

Notes:

\* One time donation from Enterprise Leasing Corp.

GASB Statement 34 was implemented in 2003.

Source: Basic financial statements

# CITY OF CLAYTON, MISSOURI

## FUND BALANCES – GOVERNMENTAL FUNDS Last Four Fiscal Years

	September 30,			
	2003	2004	2005	2006
<b>General Fund</b>				
Reserved	\$ 78,453	\$ 18,654	\$ 4,000	\$ 4,095
Unreserved	7,489,726	7,390,863	7,084,601	8,324,588
<b>Total General Fund</b>	\$ 7,568,179	\$ 7,409,517	\$ 7,088,601	\$ 8,328,683
<b>All other governmental funds:</b>				
Reserved:				
Revolving Public Improvement Fund	\$ 865,807	\$ 1,294,260	\$ —	\$ —
Capital Improvement Project Fund	22,121	—	52	—
Equipment Replacements Fund	—	2,904	5,940	243,051
1997-98 Bond Debt Service Fund	207,345	—	—	—
Other Governmental Funds	2,172,239	2,332,455	2,260,337	2,282,433
Unreserved, reported in:				
Revolving Public Improvement Fund:	3,530,868	2,167,752	2,469,123	1,801,767
Capital Improvement Project Fund:	(5,202)	—	—	—
Equipment Replacements Fund:	2,770,853	3,051,034	2,994,069	2,406,124
Other Governmental Funds:				
Special Revenue Fund	332,104	345,430	400,612	318,166
Capital Projects Funds	2,119,083	281,879	775,873	329,158
<b>Total All Other Governmental Funds</b>	\$ 12,015,218	\$ 9,475,714	\$ 8,906,006	\$ 7,380,699

Notes:

GASB Statement 34 was implemented in 2003.

Source: Basic financial statements

# CITY OF CLAYTON, MISSOURI

## CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Last Four Fiscal Years

	For The Year Ended September 30,			
	2003	2004	2005	2006
<b>Revenues</b>				
General property taxes	\$ 4,531,961	\$ 4,664,838	\$ 4,716,717	\$ 6,086,868
Assessment income	150,325	652,862	414,771	186,253
Licenses and permits	1,339,456	1,135,051	1,207,727	1,362,041
Public utility licenses	3,803,453	4,361,026	4,553,878	4,890,845
Intergovernmental	7,283,761	7,909,370	7,519,596	7,520,816
Community programs	972,018	960,036	1,000,188	1,112,109
Fines and forfeitures	684,168	764,265	756,907	777,766
Investment income	429,380	348,425	329,421	665,054
Miscellaneous	659,422	457,995	583,531	596,398
<b>Total Revenues</b>	<b>19,853,944</b>	<b>21,253,868</b>	<b>21,082,736</b>	<b>23,198,150</b>
<b>Expenditures</b>				
General government	3,009,861	3,110,409	3,986,435	3,914,379
Public safety	7,137,008	7,838,638	7,930,225	7,921,971
Streets and highways	2,907,164	2,999,624	3,256,194	3,405,316
Parks and recreation	1,698,757	1,799,563	1,600,093	1,657,278
Community development	111,793	108,161	191,357	254,375
Capital outlay	10,224,954	5,745,639	3,106,040	3,930,973
Debt service:				
Principal	1,220,000	1,450,000	2,040,000	2,465,000
Interest and fiscal charges	1,133,151	1,231,434	892,930	962,248
Bond issuance costs	11,166	—	139,036	—
<b>Total Expenditures</b>	<b>27,453,854</b>	<b>24,283,468</b>	<b>23,142,310</b>	<b>24,511,540</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>				
	(7,599,910)	(3,029,600)	(2,059,574)	(1,313,390)
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	9,950,000	—	—	—
Proceeds from capital lease	—	15,804	—	—
Special item	800,000	—	—	—
Sale of capital assets	117,699	15,461	24,510	123,688
Issuance of refunding debt	—	—	12,165,000	—
Payments to refunding escrow agent	—	—	(11,411,136)	—
Transfers in	10,149,648	4,570,241	3,852,528	3,488,397
Transfers out	(10,004,274)	(4,430,392)	(3,461,952)	(2,583,920)
<b>Total Other Financing Sources (Uses)</b>	<b>11,013,073</b>	<b>171,114</b>	<b>1,168,950</b>	<b>1,028,165</b>
<b>Net Change In Fund Balances</b>	<b>\$ 3,413,163</b>	<b>\$ (2,858,486)</b>	<b>\$ (890,624)</b>	<b>\$ (285,225)</b>
Debt service as a percentage of noncapital expenditures				
	13.72%	14.46%	15.33%	16.65%

Notes:

GASB Statement 34 was implemented in 2003.

Source: Revenues and expenditures from governmental funds from basic financial statements

## CITY OF CLAYTON, MISSOURI

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Dollars In Thousands)

Fiscal Year	Real Property		Personal Property	Railroads And Utilities	Total Taxable Assessed Value	Estimated Actual Value	Total Direct Tax Rate
	Residential Property	Commercial Property					
1997	\$ 357,947	\$ —	\$ 73,103	\$ 2,469	\$ 433,519	\$ 1,725,952	0.920
1998	389,349	—	77,923	2,458	469,730	1,881,499	0.880
1999	399,963	—	85,078	2,396	487,437	1,940,097	0.880
2000	468,061	—	87,862	2,606	558,529	2,215,676	0.755
2001	472,516	—	90,470	3,066	566,052	2,244,900	0.755
2002 *	284,752	292,087	89,103	3,624	669,566	2,690,159	0.644
2003	286,748	297,052	84,026	2,634	670,460	2,697,949	0.656
2004	325,478	298,990	83,640	2,290	710,398	2,905,407	0.652
2005	325,974	300,037	83,904	2,290	712,205	2,912,085	0.652
2006	361,777	307,555	86,774	2,367	758,473	3,132,865	0.796

Notes:

\* First year that real property was distributed between residential and commercial property.

Source - St. Louis County Assessor determines assessments as of January 1.

## CITY OF CLAYTON, MISSOURI

### DIRECT AND OVERLAPPING PROPERTY TAX RATES (RESIDENTIAL ONLY) PER \$100 OF ASSESSED VALUE Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Taxes levied on all property in the City of Clayton										
City of Clayton	\$ 0.920	\$ 0.880	\$ 0.880	\$ 0.755	\$ 0.755	\$ 0.644	\$ 0.656	\$ 0.652	\$ 0.652	\$ 0.796
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
St. Louis County	0.720	0.720	0.720	0.720	0.720	0.720	0.720	0.720	0.730	0.708
Special School District	0.630	0.620	0.640	0.620	0.623	0.835	0.849	0.833	0.905	0.840
St. Louis Community College	0.240	0.240	0.240	0.240	0.240	0.230	0.232	0.231	0.237	0.223
Metropolitan St. Louis Sewer District (Extension)	0.070	0.070	0.070	0.070	0.070	0.069	0.069	0.069	0.069	0.069
Metropolitan Zoological Park and Museum District	0.233	0.233	0.233	0.233	0.234	0.222	0.222	0.226	0.276	0.265
Sheltered Workshop	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.082
Deer Creek Sewer District	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Black Jack Sewer District	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
	3.048	2.998	3.018	2.873	2.877	2.955	2.983	2.966	3.104	3.133
School District (1):										
Clayton School District	3.430	3.610	3.650	3.410	3.300	2.938	2.945	3.622	3.769	3.925
<b>Total</b>	<b>\$ 6.478</b>	<b>\$ 6.608</b>	<b>\$ 6.668</b>	<b>\$ 6.283</b>	<b>\$ 6.177</b>	<b>\$ 5.893</b>	<b>\$ 5.928</b>	<b>\$ 6.588</b>	<b>\$ 6.873</b>	<b>\$ 7.058</b>

Notes:

(1) All property is located in the school district whose boundaries include part of the City.

Source - St. Louis County Assessor

# CITY OF CLAYTON, MISSOURI

## PRINCIPAL PROPERTY TAX PAYERS Current Fiscal Year And Nine Fiscal Years Ago

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (2)
Clayton Corporate Park Mgmt. Co.	\$ 25,319,460	1	3.34%	\$ 16,906,080	1	3.90%
Pierre Laclede LLC	21,136,160	2	2.79%			
THF Plaza Office LLC	17,309,850	3	2.28%			
Duke Realty LTD Partnership	14,432,000	4	1.90%			
The Realty Associates Funds IV and V	12,361,600	5	1.63%			
HEF 1 - StL No. 1 LLC	11,558,400	6	1.52%	9,339,970	4	2.15%
8182 Maryland Associates	11,049,800	7	1.46%	8,014,720	5	1.85%
Riggs & Company Trustee	9,920,000	8	1.31%			
The Realty Associates Funds VI and VII	8,700,390	9	1.15%			
Forsyth Centre Associates LLC	8,160,000	10	1.08%			
Connecticut General Life Ins. Co.				14,720,010	2	3.40%
ZML Clayton Limited Partnership				11,126,270	3	2.57%
The Crawford Group				7,904,070	6	1.82%
TCEP II Properties				6,371,230	7	1.47%
The Brown Group				5,745,660	8	1.33%
CB Bemiston Tower, Inc.				5,482,210	9	1.26%
County National Realty Corp.				4,477,600	10	1.03%
Total	<u>\$ 139,947,660</u>		<u>18.45%</u>	<u>\$ 90,087,820</u>		<u>11.30%</u>

Notes:

(1) Total assessed value of the City was \$758,472,765 as of January 1, 2005.

(2) Total assessed value of the City was \$433,519,149 as of January 1, 1996.

Source - St. Louis County Assessor, ten highest property tax valuations



## CITY OF CLAYTON, MISSOURI

### PROPERTY TAX LEVIES AND COLLECTIONS (1) Last Ten Fiscal Years

Fiscal Year Ended September 30,	Tax Levied For The Fiscal Year (2)	Collected Within The Fiscal Year		Collections In Subsequent Years	Total Collections To Date (3)	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 3,991,443	\$ 3,579,667	89.7	\$ 577,716	\$ 4,157,383	104.2
1998	4,137,310	3,719,218	89.9	565,002	4,284,220	103.6
1999	4,141,897	3,845,863	92.9	418,808	4,264,671	103.0
2000	4,214,517	3,618,341	85.9	382,842	4,001,183	94.9
2001	4,275,506	4,059,048	94.9	587,857	4,646,905	108.7
2002	4,320,414	3,902,880	90.3	171,868	4,074,748	94.3
2003	4,409,624	4,244,002	96.2	381,852	4,625,854	104.9
2004	4,587,714	4,382,118	95.5	148,628	4,530,746	98.8
2005	4,644,371	4,392,929	94.6	181,332	4,574,261	98.5
2006	6,251,869	4,764,534	76.2	80,668	4,845,202	77.5

Notes:

- (1) Source - St. Louis County Collectors Office
- (2) Originally adjusted for strikeouts and additions by St. Louis Board of Equalization after 1978.
- (3) St. Louis County Collectors Office charges a collection fee of 1.5%.

# CITY OF CLAYTON, MISSOURI

## RATIOS OF OUTSTANDING DEBT BY TYPE (1) Last Ten Fiscal Years (Dollars In Thousands, Except Per Capita)

Fiscal Year	Governmental Activities							Business-Type Activities						
	Improvement Bonds	Less Reserve For Debt Service	Net Capital Improvement Bond Debt	Note Payable	General Obligation Bonds	Capital Leases	Improvement Bonds	Less Reserve For Debt Service	Net Capital Improvement Bond Debt	Note Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)	
1997	\$ 845	\$ —	\$ 845	\$ 291	\$ 12,580	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,716	\$ 2	\$ 1,022	
1998 (3)	14,680	(1,240)	13,440	199	12,045	—	3,940	(400)	3,540	—	29,224	3.78	2,178	
1999	14,172	(1,211)	12,961	99	11,605	—	3,828	(393)	3,435	—	28,100	3.64	2,094	
2000	13,641	(1,279)	12,362	—	10,980	—	3,709	(414)	3,295	—	26,637	3.45	1,985	
2001	10,276	(1,368)	8,908	—	10,325	—	2,803	(441)	2,362	—	21,595	2.35	1,355	
2002	9,821	(1,343)	8,478	—	9,640	—	2,699	(435)	2,264	—	20,382	2.22	1,279	
2003 (4)	21,960	(1,285)	20,675	—	8,930	—	3,380	(425)	2,955	—	32,560	3.55	2,043	
2004	21,255	(1,285)	19,970	—	8,185	16	3,245	(423)	2,822	2,152	33,145	3.24	2,080	
2005 (5)	21,230	(1,173)	20,057	—	7,410	11,971	2,655	(426)	2,229	2,091	43,758	4.28	2,746	
2006	19,575	(1,304)	18,271	—	6,600	8,142	2,430	(280)	2,150	1,971	37,134	3.63	2,330	

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements
- (2) See "Demographic and Economic Statistics" table for personal income and population data.
- (3) In fiscal year 1998 the City issued \$18,250,000 in capital improvement bonds for a new recreation center, park facilities and neighborhood renovations and a parking garage.
- (4) In fiscal year 2003 the City issued an additional \$9,250,000 in capital improvement bonds for construction of City Hall, Shaw Park Pool and the Fire Station.
- (5) In fiscal year 2005, capital improvement bonds of \$14,820,000 were issued to refinance the capital improvement bonds issued in fiscal year 1998.

Source: Basic financial statements

## CITY OF CLAYTON, MISSOURI

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### RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years (Dollars In thousands, Except Per Capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Percentage Of Actual Taxable Value of Property (2)</u>	<u>Per Capita (3)</u>
1997	\$ 12,580	2.90	\$ 938
1998	12,045	2.56	898
1999	11,605	2.38	865
2000	10,980	1.97	818
2001	10,325	1.82	648
2002	9,640	1.44	605
2003	8,930	1.33	560
2004	8,185	1.16	514
2005	7,410	1.04	465
2006	6,600	0.87	414

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See "Demographic and Economic Statistics" table for property value data.
- (3) See "Assessed Value and Actual Value of Taxable Property" table for population data.

Source: Basic financial statements and Assessor of St. Louis County

## CITY OF CLAYTON, MISSOURI

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### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Dollars in thousands)

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To City Of Clayton</u>	<u>Amount Applicable To City Of Clayton</u>
St. Louis County	\$ 88,615	3.41	\$ 3,022
Clayton School District	<u>26,669</u>	79.08	<u>21,090</u>
Subtotal	115,284		24,112
City of Clayton	<u>6,600</u>	100.00	<u>6,600</u>
Total	<u>\$ 121,884</u>		<u>\$ 30,712</u>

Note: Percentage applicable to City of Clayton is the total assessed value of the City of Clayton as a percentage of the total assessed value of the taxable property of the governmental unit.

Sources:

City of Clayton Financial Report

St. Louis County

Clayton School District

# CITY OF CLAYTON, MISSOURI

## LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years (Dollars In Thousands)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit (1)	\$ 43,352	\$ 46,973	\$ 48,744	\$ 55,853	\$ 56,605	\$ 66,957	\$ 67,046	\$ 71,040	\$ 71,221	\$ 75,847
Total net debt applicable to Debt Limit	12,330	11,304	10,806	9,979	9,054	8,830	8,137	7,431	6,680	5,859
Legal debt margin	\$ 31,022	\$ 35,669	\$ 37,938	\$ 45,874	\$ 47,551	\$ 58,127	\$ 58,909	\$ 63,609	\$ 64,541	\$ 69,988
Total net debt applicable to the limit as a percentage of debt limit	28.44%	24.06%	22.17%	17.87%	16.00%	13.19%	12.14%	10.46%	9.38%	7.22%

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

(1) Debt limit is 10% of the assessed value, which can be found in the "Assessed Value and Actual Value of Taxable Property" table.

Source: Basic financial statements

# CITY OF CLAYTON, MISSOURI

## PLEDGED REVENUE COVERAGE (1)(2) Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$ 1,345,828	\$ 610,915	\$ 734,913	\$ 325,000	\$ 15,137	\$ 340,137	2.16
1998	1,601,259	435,865	1,165,394	—	—	—	—
1999	1,760,831	689,197	1,071,634	—	—	—	—
2000	1,868,869	599,423	1,269,446	—	—	—	—
2001	2,028,928	863,203	1,165,725	—	—	—	—
2002	1,866,391	879,418	986,973	—	—	—	—
2003	1,963,896	854,050	1,109,846	—	—	—	—
2004	1,711,194	638,087	1,073,107	—	—	—	—
2005	1,595,313	616,907	978,406	—	—	—	—
2006	1,486,560	793,063	693,497	—	—	—	—

Notes:

- (1) Per bond ordinance, all revenues derived from parking facilities were pledged to meet the debt service requirements of revenue bonds related to new parking facilities. The revenue bonds were paid off in fiscal year 1997.
- (2) Capital Improvement Bonds issued in fiscal years 1998, 2003 and 2005 did not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation and therefore are not shown.
- (3) Direct operating expenses do not include interest and depreciation.

Source: Basic financial statements

# CITY OF CLAYTON, MISSOURI

## DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars)</b>	<b>Median Household Income (2)</b>	<b>Clayton School District Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
1997	13,417	\$ 772,309	\$ 57,562	2,419	1.7 %
1998	13,417	772,309	57,562	2,432	2.1 %
1999	13,417	772,309	57,562	2,404	1.7 %
2000	13,417	772,309	57,562	2,460	1.5 %
2001	15,935	917,250	57,562	2,440	2.2 %
2002	15,935	917,250	57,562	2,442	2.6 %
2003	15,935	917,250	57,562	2,478	2.8 %
2004	15,935	1,022,772	64,184	2,548	2.6 %
2005	15,935	1,022,772	64,184	2,558	2.5 %
2006	15,935	1,022,772	64,184	2,460	2.6 %

(1) Source - 1990 U.S. Bureau of Census and the U.S. Census Bureau Administrative Records for population estimates 1993 and 1997 to 2000; source of data for 2001-2006, current population estimate revised census 2000 from U.S. Census Bureau dated 12/07/01.

(2) Source - sources of data from 1997 - 2003 from 1990 U.S. Bureau of Census. Sources of data from 2004-2006 from 2000 U.S. Bureau of Census.

(3) Source - Director of Communications for the School District of Clayton.

(4) Source - 2001 and previous, Missouri Division of Employment Security from U.S. Census Bureau Records; 2002 through 2006 - Missouri Department of Economic Development (based on 1990 census).

## CITY OF CLAYTON, MISSOURI

### PRINCIPAL EMPLOYERS Current Fiscal Year And Nine Fiscal Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
St. Louis County	2,000	1	6.06	1,800	1	6.00
The Crawford Group	850	2	2.58	464	5	1.55
Gladys Manion, Inc.	651	3	1.98	—	—	—
Brown Group	583	4	1.77	651	3	2.17
Centene Management Company	525	5	1.59	—	—	—
Commerce Bank	519	6	1.58	412	6	1.38
Clayton School District	467	7	1.42	470	4	1.57
Restaurant at Ritz Carlton	365	8	1.11	200	9	0.67
Ritz Carlton	301	9	0.92	400	7	1.34
Ernest & Young	261	10	0.79	—	—	—
Enterprise Rent-A Car	—	—	—	1,011	2	3.37
The Earthgrains Company	—	—	—	362	8	1.21
Graybar Electric	—	—	—	177	10	0.59
<b>Total</b>	<b>6,522</b>		<b>19.80</b>	<b>5,947</b>		<b>19.85</b>

Notes:

Total employees for the City was estimated, based on square footage of commercial buildings that existed in Clayton nine years ago and currently.  
Source - Business License Database from Finance Division and Clayton School District.



## CITY OF CLAYTON, MISSOURI

### FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees As Of September 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
Elected officials	7	7	7	7	7	7	7	7	7	7
City Clerk	1	1	1	1	1	1	1	1	1	1
City Manager	3	3	4	4	4	3	3	3	4	4
Economic Development (1)	1	1	1	1	1	1	1	1	—	—
Human resources	2	2	2	2	2	2	2	2	2	2
Finance	5	5	5	6	6	6	6	6	7	7
Municipal court	3	3	3	3	3	3	3	3	3	3
Information systems	2	2	2	2	3	3	3	3	3	3
Planning and development	10	11	10	11	11	10	10	10	10	10
Police:										
Officers	50	51	51	51	53	53	53	52	52	52
Civilians (2)	13	13	13	13	15	15	14	8	8	8
Fire:										
Firefighters and officers	29	30	30	32	32	33	32	35	35	35
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works:										
Engineering	5	5	6	6	6	6	5	5	5	5
Street maintenance	14	15	13	13	16	16	17	16	16	16
Vehicle maintenance	5	5	5	5	5	5	5	5	5	5
Building maintenance	2	3	3	3	3	3	2	3	3	3
Parking maintenance	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration/recreation	8	7	7	7	7	13	13	14	14	14
Parks maintenance	8	9	8	10	10	10	9	9	9	9
Total	170	175	173	179	187	192	188	185	186	186

Notes:

(1) Economic development employee moved to communications in administrative services in 2005.

(2) Dispatcher positions eliminated in 2004 when City joined East Central Dispatch Center (ECDC). Dispatchers transferred to ECDC.

Source: City of Clayton Annual Budgets (1997-2006)

## CITY OF CLAYTON, MISSOURI

### OPERATING INDICATORS BY FUNCTION/PROGRAM Last Four Fiscal Years\*

Function/Program	Fiscal Year			
	2003	2004	2005	2006
<b>Police:</b>				
Arrests	432	670	848	973
Parking violations	4,579	4,526	4,114	5,362
Traffic violations	5,423	5,364	7,402	7,626
Parking tickets **	59,829	57,738	50,222	44,221
<b>Fire:</b>				
Emergency response ambulance	1,212	1,418	1,370	1,430
Emergency response- fire	1,639	1,470	1,460	1,420
Inspections	907	800	767	520
<b>Parks and recreation:</b>				
Shaw Park Pool - Passes	533	542	528	651
Shaw Park Ice Rink - Passes	11	13	16	8
Tennis Court - Passes	26	30	26	8
Pool/Tennis - Passes	81	73	69	57
Tri Passes (pool/rink/tennis)	2	11	12	13
Shelter Rentals (including picnic pads)	468	391	497	266
<b>Planning and development:</b>				
Residential permits issued	173	202	172	304
Estimated cost of construction for residential permits	\$ 33,443,381	\$ 20,694,236	\$ 29,333,420	\$ 43,081,206
Commercial permits issued	272	281	274	113
Est.cost of construction for commercial permits	\$ 33,135,438	\$ 68,617,644	\$ 31,775,928	\$ 57,891,052
<b>Finance and administration:</b>				
Business licenses issued	890	893	894	889
Liquor licenses issued	62	64	67	63

**Notes:**

\* Data for operating indicators by function/program before fiscal year 2003 is not readily available.

\*\* Parking tickets not included in parking violations.

No operating indicators by function/program are available for the Administration  
or Public Works Departments

Sources: City of Clayton Annual Reports (2003-2006), various City departments

# CITY OF CLAYTON, MISSOURI

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	25	25	25	25	25	25	25	25	25	25
<b>Fire:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	371	371	371	371	371	371	371	371	371	371
<b>Vehicles:</b>										
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Pumpers	1	1	1	1	1	1	1	1	1	1
Rescue Trucks	1	1	1	1	1	1	1	1	1	1
Ambulances	2	2	2	2	2	2	2	2	2	2
<b>Public Works:</b>										
Miles of streets - paved	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7
Miles of alleys	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Miles of sidewalks	39	39	39	39	39	39	39	39	39	39
Number of street lights	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Parks and recreation:</b>										
Acres of Parks	75	75	75	75	75	75	75	75	75	75
Number of Parks	5	5	5	5	5	5	5	5	5	5
Athletic Complex	1	1	1	1	1	1	1	1	1	1
Aquatic Center	1	1	1	1	1	1	1	1	1	1

**Notes:**

No capital asset indicators are available for the Administration, Finance, or Planning functions.  
Source: City of Clayton Annual Reports (1997-2006), various City departments