
**CITY OF CLAYTON, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Fiscal Year Ended September 30, 2008

*Report prepared and submitted by the
Finance Department*

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INTRODUCTORY SECTION



The City of Clayton

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February 19, 2009

To the Honorable Mayor, Board of Aldermen and Citizens of Clayton:

The Comprehensive Annual Financial Report (CAFR) of the City of Clayton, Missouri, for the fiscal year (FY) ended September 30, 2008, is herewith submitted for your review. The information presented in the CAFR is the responsibility of the City's management. The City 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

The City is presenting its Comprehensive Annual Financial Report under the reporting model required by the provisions of the 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.

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 and combine a bustling downtown with quiet, secure residential neighborhoods. The City's downtown is the region's premier business district and home to Forbes and Fortune 500 headquarters and branches. The City has a residential population of 15,935 and an estimated daytime population of 80,000. The City serves as the governmental seat for St. Louis County, Missouri. The governing body for the City consists of an elected six-member Board of Aldermen and the 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 that are encompassed in the following departments: Public Works, Parks and Recreation, Police, Fire, Finance, Planning and Development, Management Information Systems and Administrative Services.

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. Uniformed employees contribute 5% of their salary until they have completed thirty years of service. 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. However, the City has budgeted for employer contributions to begin in FY 2010.

Both the Uniformed and Non-Uniformed Employee Pension Funds experienced losses in FY 2008 due to the near market collapse at the end of the year. In FY 2008, the Uniformed Pension Fund was down 13% and the Non-Uniformed Pension Fund was down 12% compared to FY 2007. While the City anticipates a rebound in the market in the future, so far the market returns have not been good. The Uniformed Pension is down another 9% and the Non-Uniformed Pension is down 14% as of the first quarter of FY 2009. The actuary valuation date is January 1 for the Uniformed plan and with the decline in asset value in calendar year 2009 the City can anticipate a significant increase in the employer contribution for the FY 2010 budget year. The same could be said for the Non-Uniformed plan if the asset value does not recover by the July 1 actuarial valuation date. The actuary does blend the changes in asset valuation over a five year period so that one significant change will not dramatically impact the funding level in any given year. The funding level for the Non-Uniformed plan is 109% at 7-1-2008 and the Uniformed plan is 91% at 1-1-2008.

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 statewide 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 chose SLAIT to insure for workers' compensation coverage effective May 20, 2005. Additional information is provided in the notes to the basic financial statements. There are no residual liabilities from the previous self-insured workers compensation program or the previous general liability insurance pool.

Safety Committee – SLAIT requires that its members undertake loss prevention practices in an effort to reduce the amount of claims filed, to create a safe working environment for City employees and to reduce the amount of public liability opportunities. The City of Clayton operates a citywide safety committee directed by a Risk Manager and representatives from each City department. The committee's responsibilities include accident investigation, safety inspections for physical hazards, job hazard analysis, job safety talks and implementation of health and wellness initiatives.

DEBT ADMINISTRATION

At year-end, Government-wide debt was \$26,751,341 (excluding premiums of \$66,550, the deferred amount on refunding of \$509,470 and compensated absences of \$265,135) consisting of general obligation bonds, special obligation bonds, capital leases and an intergovernmental loan agreement with St. Louis County for the Shaw Park Parking Facility.

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 has not done so unless circumstances warranted other consideration. Yields earned from these investments ranged from 2.65% to 5.0%. The Federal Reserve Bank has decreased the overnight Federal funds rate in FY 2008 from 4.92% to 2.03% and any further decrease will decrease interest earnings for all operating funds.

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 pension benefit obligation funding ratio for the Non-Uniformed Employees Retirement plan decreased slightly from 109.4% to 107.6% according to the actuarial valuation report dated July 1, 2008. This small decrease in funding level is due to a slight increase of the actuarial present value of assets in relation to accrued benefits. The Uniformed Employees Retirement plan funded ratio increased from 87.4% to 91.7% due primarily to both employer and employee contributions, moderately favorable investment results, and lower than expected salary increases according to the actuarial valuation report dated January 1, 2008.

ECONOMIC EVENTS AND THE FUTURE

Within two and one-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.

Clayton has maintained a thriving business district despite the economic challenges the nation faces today. Clayton has a diverse income mix and is not overly dependant on Property tax which is balanced between retail and residential. Therefore, Clayton is able to maintain a strong financial footing. Even with the portion of Interstate 64 west of Interstate 170 to Interstate 270 shut down for reconstruction, sales tax revenue in Clayton remained solid in FY 2008. The City faces another challenge in FY 2009 when the eastern portion of Interstate 64 from Interstate 170 to Kingshighway (a major arterial road located in St. Louis City) is shut down for reconstruction. Because of Clayton's joint effort with surrounding communities also affected by the interstate shutdown in promoting awareness of alternate routes in and out of the City, the sales tax projections for FY 2009 are anticipated to remain stable.

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 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 station provides public transportation access to most of the region. Finally, Clayton's proximity to numerous interstates and major County arterials, as well as its central location, means that trips to the airport, downtown St. Louis or other major attractions can be made within 15 minutes.

Clayton's thriving retail community includes 85 restaurants (many of which are award-winning), 93 vibrant retail boutiques and 234 personal service businesses. Clayton's downtown is the region's premier business district and home to numerous Forbes and Fortune 500 headquarters and branch offices. To name just a few, Clayton's quality of life has attracted Enterprise Rent-A-Car, Brown Shoe Group, Commerce Bank, National City Bank, Rehab Care Group, Graybar, Barry-Wehmiller Companies, Olin Corporation, and a majority of the largest law firms in the St. Louis area. Clayton maintains one of the highest commercial occupancy rates in the region. The Clayton office and retail market continues to be one of the steadiest submarkets in the St. Louis area. Vacancy rates for the last several years have continued to stay in the 10% to 12% range, one of the lowest vacancy rates in the metropolitan area, and slightly lower than the regional average

In addition to its thriving economy, Clayton has beautiful residential neighborhoods and the City has devoted more than 70 acres of green space to passive and active park areas and recreation adding to its quality of life. Included in these resources is The Center of Clayton, a multi-use recreational facility operated in conjunction with the Clayton School District.

According to an article published in Directions Magazine in July, 2008 titled *The Current Housing Market*, home values in the top twenty housing markets dropped by an average of 23% from 2007 to 2008. Clayton's one year home value market change declined by 7% in mid FY 2008, before beginning to rise back up to a 2% decline at fiscal year end according to data found on *rates@banks.com*. The City's overall assessed valuation has increased by 85% since 1998 and has experienced a trend toward residential upgrades, condominium conversions, home remodeling/additions and new condominium buildings. In the 12 months from October 1, 2007 to September 30, 2008, the City has experienced more than \$40 million in construction of new homes and remodeling of existing residential structures.

DEVELOPMENT

Clayton continues to process and approve plans for major developments. DeMun Pointe opened in the Spring of 2008 with condominiums added to Clayton's residential inventory. The \$13.9 million, 3 1/2 story project was built by Opus Properties Development at 6447 Clayton Road. It offers condominium at a wide range of prices and 9,000 square feet of ground floor commercial space. DeMun Pointe is Clayton's first green mixed-use building. It was built according to Leadership in Energy and Environmental Design (LEED) standards and pledges to be Clayton's first LEED certified building.

In January 2008, Mark S. Mehlman Realty officially opened The Crescent, a nine story, \$40,000,000 mixed-use development on the north side of Carondelet Plaza across from the Plaza in Clayton. The Crescent features 72 luxury condominium units, 25,797 square feet of ground level retail and 259 parking spaces located on the first two levels of the building. The building is designed to follow the curvature of the street and is compatible with both the Plaza in Clayton and The Ritz-Carlton, St. Louis. The project has adopted the City's streetscape and will include public art.

After the development project fell through in the City of St. Louis, The Centene Corporation returned to Clayton with a proposal to develop the half block area bounded by Forsyth Boulevard, Carondelet Avenue and Hanley Road. The project has received zoning approvals for a development plan containing two office buildings with first floor commercial and a multi-level parking structure facing Forsyth. A foundation permit was recently issued to start the construction phase.

The following projects have been approved but delayed due to the current world-wide financial conditions.

Orchard Development Group received approval to build the Trianon at the Forsyth MetroLink Station, just east of the Ritz-Carlton. The Trianon is a \$150 million mixed-use development that is expected to include 175 apartment units and 175 condominiums with a variety of floor plans and price points. Approximately 33,500 square feet of street-level retail space is also proposed. The project is unique because of its proximity to the MetroLink passenger station at Forsyth Boulevard and Forest Park Parkway. The project is proposed to be a Transit Oriented Development (TOD). In TODs, developers are able to market the project's affordable luxury units to buyers who are interested in taking advantage of the accessibility to mass transportation such as the MetroLink and its passenger stations.

R.J. York Development recently proposed a \$110 million mixed-use construction project to be located near Central Avenue and Maryland Avenue. The project is estimated to be a 23 story high rise tower that will include a 241 room boutique hotel, 5,800 square feet of retail, and approximately 18 luxury residential condominiums, as well as nearby parking infrastructure. The project is expected to generate significant additional economic activity for the City at the very core of the Central Business District. Further, existing retail adjacent to the project is expected to increase with the opening of the new development.

Mark S. Mehlman Realty has presented plans for the Carondelet Village. The proposal for the mixed-use development includes approximately 110,000 square feet of retail space, a multi-screen movie theater/performing arts center which will be connected to a boutique hotel with 150 rooms, and 110,000 square feet of boutique office space. With the addition of a critical mass in retail and a 663 parking facility, the developer feels that the \$128 million project will reestablish Clayton as a shopping destination. The proposed Village will offer Clayton residents the opportunity to stay in Clayton to shop, while drawing visitors from the entire region to shop and dine in Clayton. At its December 18, 2007 meeting the Board of Aldermen unanimously approved the City's first ever use of Tax Increment Financing (TIF) for the proposed development. Following the adoption of the ordinance authorizing the use of TIF, the project must go through the site plan review process. The Board must also negotiate a redevelopment agreement.

In the spring of 2008, Brown Shoe Co. proposed to build a \$568 million, multi-phased project on 12.5 acres on and around the company's headquarters on Maryland Avenue in Clayton. Plans for the proposed development include approximately 1.2 million square feet of office space, 50,000 to 80,000 square feet of retail space, 300 to 420 residential units, parking and possibly a hotel. The project was scheduled to open in 2012, but the company recently announced that it would "indefinitely" postpone the new development due to weak real estate and credit markets and a need for Brown Shoe to lower spending. The City and Brown Shoe Co. are optimistic that the project will go forward at a later date. While the project remains on hold, the high-profile company still has a positive impact in the community.

FINANCIAL PLANNING

In FY 2009, the City expects to receive more than \$36 million in revenue, which includes \$5.7 million of inter-fund transfers, property tax totaling \$6.7 million, sales tax totaling \$5.9 million, utility tax revenue of \$4.81 million, licenses and fees totaling \$3.5 million (includes revenue from building permits of two large-scale development projects), and miscellaneous revenue of \$4.7 million.

Expenditures are expected to decrease by \$4,692,438 in FY 2009. The majority of the decrease in expenditures is due to the \$8.175 million bond issue in FY 2008 to refund the 2002 special obligation bonds. However, if the refund is excluded in the expenditures, the FY 2009 expenditures will be \$3,482,562 higher than in FY 2008. Capital expenditures in the Equipment Replacement Fund, Revolving Public Improvement Fund and Recreation and Storm Water Fund account for \$1.95 million of the increase and reflect the emphasis on major projects.

MAJOR INITIATIVES

On February 12, 2008, Mayor Linda Goldstein presented *Vision 2013: Building a Bright Future*, a new ambitious vision for the City of Clayton. *Vision 2013* is designed to provide guidelines for engaging the public in discussions and planning for a vital future. Becoming a regional leader as a “green” city, enhancing its position as a business center and developing a public-private foundation to fund civic goals are among the priorities established. *Vision 2013* is a first step in a public process to move the City forward as it approaches its centennial in five years. The vision was developed by the Clayton Board of Aldermen, Mayor Goldstein and City staff in strategic planning sessions. The new vision and planning sessions represent the catalyst for a process that will facilitate community dialogue about the City’s future directions.

Under the proposed vision, the City will emphasize sustainable practices such as: a reduction of fossil-fuel dependency, assessment of utility usage, adoption of LEED certification in the City’s zoning code to incentivize new developments, expansion of Citywide recycling efforts, and creation of pedestrian-friendly environments.

Another highlight of the vision calls for the creation of the Clayton Century Foundation, a public-private partnership that will help fund projects in the community that go beyond traditional City services, services that are currently supported by sales and property taxes. Through the work by the Foundation, the City will reach out to residential and corporate private partners for support in enriching quality of life initiatives.

Among other notable elements of the vision are:

- Maintain world-class core services, such as public safety and infrastructure, with measurable outcomes to evaluate City implementation.
- Retain and attract businesses and corporate headquarters, encourage greater density and mixed-use development in the Central Business District including more residential properties, and design of specific strategies to increase the vibrancy of downtown Clayton.
- Strengthen the role of partnerships with the Clayton School District, the Clayton Chamber of Commerce, area universities and other community groups.
- Achieve a better balance in tax revenue levels to shift from a disproportionate share paid by residents to revenue derived from business and redevelopment.
- Coordinate with neighboring cities to reduce duplication of efforts, share marketing initiatives and look for savings.
- Expand avenues to communicate with residents and businesses.

The planned capital outlay and equipment purchases for the next three-year period beginning October 1, 2008 are approximately \$29.5 million. Included in the \$29.5 million is \$14 million allocated for a new Police Building planned in FY 2011; ongoing improvements to streetscape, streets, sidewalks, and alleys of \$8.4 million; fleet and equipment replacement totaling \$2.9 million; and park improvements of \$2.4 million.

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, 2007. 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 twenty-one consecutive years (fiscal years ended 1987-2007). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

Additionally, the GFOA awarded the Distinguished Budget Award to the City of Clayton for Fiscal Year 2007. This was the City's first Distinguished Budget Award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only and we have already submitted our FY 2008 budget for consideration of another award.

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 FY 2008 and the independent auditor's report is included with this CAFR.

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,

Craig S. Owens
City Manager

Donald J. Yucuis
Director of Finance

CITY OF CLAYTON, MISSOURI

PRINCIPAL OFFICIALS

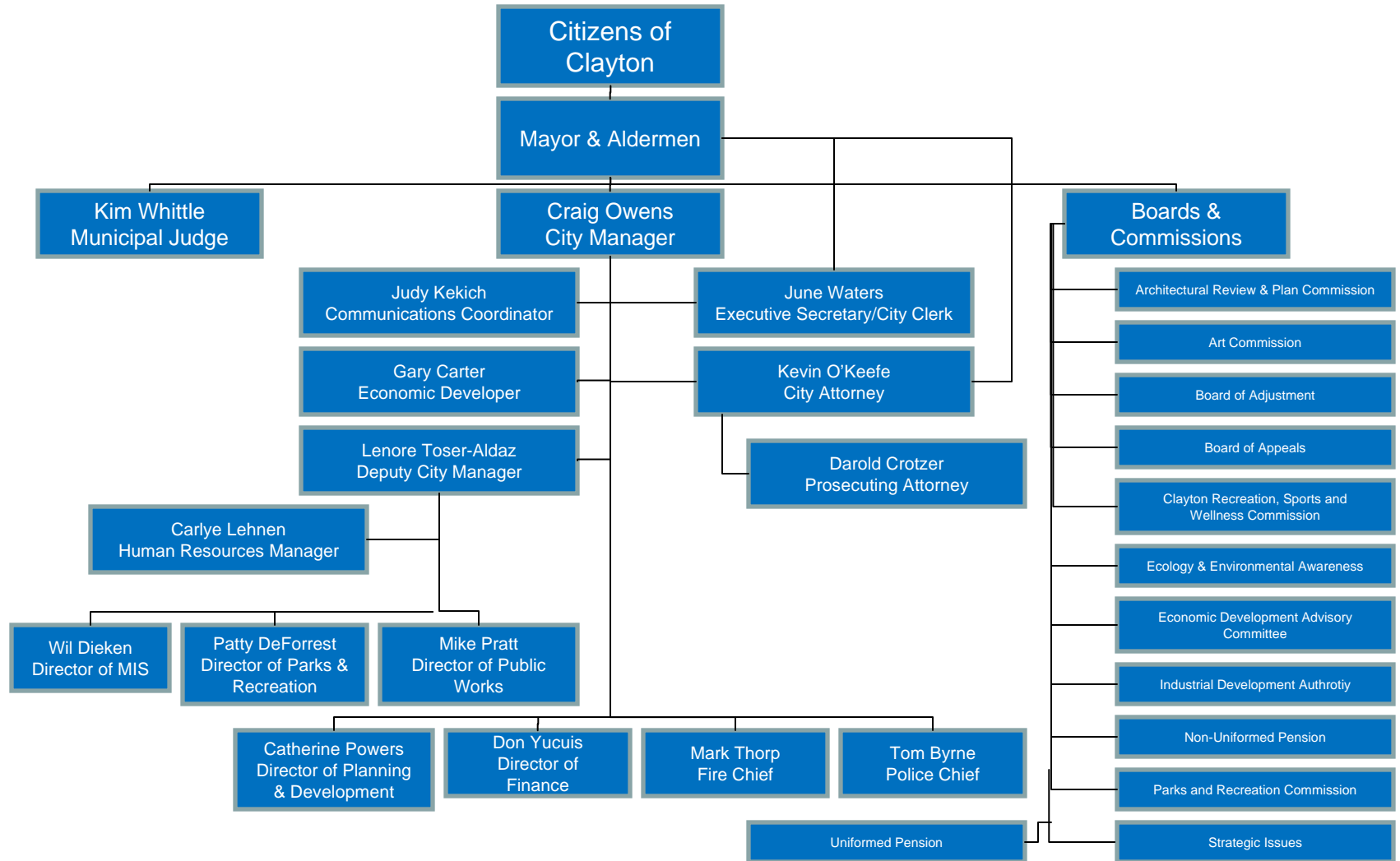
MayorLinda Goldstein

Aldermen:

.....Judy R. Goodman
.....Cynthia Garnholz
..... Alex Berger, III
.....Steven E. Lichtenfeld
..... Michelle Harris
..... Andrea Maddox-Dallas

City ManagerCraig S. Owens

City of Clayton Organization Chart



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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. H.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

FINANCIAL SECTION



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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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

February 19, 2009

CITY OF CLAYTON, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Clayton, Missouri 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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal which can be found on pages i-xi of this report.

Financial Highlights

- The net assets of the City of Clayton at the close of the most recent fiscal year were \$54,994,761; an increase of \$5,372,042 from the prior year. Governmental Activities increased \$5,487,479 and business activities decreased \$115,437. \$29,352,908 of the total net assets are unrestricted and may be used to meet the municipality's on-going obligations to citizens and creditors.
- The City of Clayton's governmental funds on page 14 as of the close of the current fiscal year reported a combined ending fund balance of \$22,577,229, a net change of \$4,872,172 in comparison to the prior year. Approximately 81% of the total amount, or \$18,224,458, is unreserved and 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 of Clayton, Missouri's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 fund (Pension Trust Funds) activities.

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.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

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 and 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 of Clayton, 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 of Clayton 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.

Clayton 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.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

Clayton adopts an annual budget for all funds except the Police Forfeiture and Police Officer Standards Training Fund, and Redevelopment Forsyth/Hanley Road. 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 51 to 52 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 65.

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, or fiduciary, for the Uniformed and Non-Uniformed Employee Retirement plans. The City is responsible 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 the 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 50.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 23 through 50 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 55 through 64 of this report.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

Government-wide Financial Analysis

This is the sixth year that the City of Clayton 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 of Clayton, assets exceeded liabilities by \$54,994,761 at the close of the most recent fiscal year, an increase of \$5,372,042.

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 and total \$21,739,777 or 39.5% of 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 \$29,352,908 are 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 Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 26,224,172	\$ 21,189,290	\$ 10,693,624	\$ 10,689,710	\$ 36,917,796	\$ 31,879,000
Capital assets	34,889,964	34,589,663	12,985,132	13,299,077	47,875,096	47,888,740
Total Assets	61,114,136	55,778,953	23,678,756	23,988,787	84,792,892	79,767,740
Liabilities						
Current liabilities	3,031,765	2,515,421	192,810	83,318	3,224,575	2,598,739
Noncurrent liabilities	22,979,275	23,647,915	3,594,281	3,898,367	26,573,556	27,546,282
Total Liabilities	26,011,040	26,163,336	3,787,091	3,981,685	29,798,131	30,145,021
Net Assets						
Invested in capital assets, net of related debt	12,335,368	11,295,023	9,404,409	9,415,507	21,739,777	20,710,530
Restricted	3,636,576	2,729,192	265,500	285,195	3,902,076	3,014,387
Unrestricted	19,131,152	15,591,402	10,221,756	10,306,400	29,352,908	25,897,802
Total Net Assets	\$ 35,103,096	\$ 29,615,617	\$ 19,891,665	\$ 20,007,102	\$ 54,994,761	\$ 49,622,719

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

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 Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges for services	\$ 4,564,653	\$ 4,225,480	\$ 1,420,803	\$ 1,416,686	\$ 5,985,456	\$ 5,642,166
Operating Grants	1,270,321	1,232,687	—	—	1,270,321	1,232,687
Capital Grants and Contributions	569,600	287,100	—	—	569,600	287,100
General Revenues:						
Property tax	6,643,277	6,332,125	—	—	6,643,277	6,332,125
Sales tax	6,043,834	6,226,794	—	—	6,043,834	6,226,794
Utility tax	5,701,276	4,758,606	—	—	5,701,276	4,758,606
Other taxes	556,272	565,780	—	—	556,272	565,780
Investment earnings	771,380	884,333	427,878	586,580	1,199,258	1,470,913
Gain on sale of capital assets	—	—	—	330,776	—	330,776
Other general revenues	1,022,818	400,027	—	—	1,022,818	400,027
Total Revenues	27,143,431	24,912,932	1,848,681	2,334,042	28,992,112	27,246,974
Program Expenses						
General government	5,286,324	4,585,667	—	—	5,286,324	4,585,667
Public safety	8,495,262	8,246,154	—	—	8,495,262	8,246,154
Streets and Highways	5,411,338	5,919,304	—	—	5,411,338	5,919,304
Parks and recreation	2,079,965	1,975,986	—	—	2,079,965	1,975,986
Community development	173,316	220,788	—	—	173,316	220,788
Interest on long-term debt	963,747	910,350	—	—	963,747	910,350
Parking facility	—	—	1,210,118	1,155,318	1,210,118	1,155,318
Total Program Expenses	22,409,952	21,858,249	1,210,118	1,155,318	23,620,070	23,013,567
Excess Before Transfers	4,733,479	3,054,683	638,563	1,178,724	5,372,042	4,233,407
Transfers	754,000	1,124,409	(754,000)	(1,124,409)	—	—
Change In Net Assets	5,487,479	4,179,092	(115,437)	54,315	5,372,042	4,233,407
Net Assets - Beginning Of Year	29,615,617	25,436,525	20,007,102	19,952,787	49,622,719	45,389,312
Net Assets - End Of Year	\$ 35,103,096	\$ 29,615,617	\$ 19,891,665	\$ 20,007,102	\$ 54,994,761	\$ 49,622,719

The City of Clayton's overall net assets of \$54,994,761 increased \$5,372,042 during the current fiscal year. FY 2008 revenues totaling \$28,992,112 are \$1,745,138 more than FY 2007. Program revenue totaling \$7,825,377 is \$663,424 more than FY 2007 and due to increased revenue from parking and municipal court fines, building permits and one time grants. Governmental activities general revenue from property, sales and utility taxes total \$18,388,387 or 88.7% of total general revenues of \$20,738,857 and increased by \$1,070,862. Property tax revenue increased \$311,152 to \$6,643,277 mainly due to new construction growth. Sales tax decreased by \$182,960 to \$6,043,834 mainly due to the downturn of the economy in the last quarter of the fiscal year. Utility tax increased by \$942,670 to \$5,701,276, with \$869,000 of the increase received from one-time settlements with three vendors.

Program expenses totaling \$23,620,070 were \$606,503 more than FY 2007. The main increase is due to expenses related to review of redevelopment proposed projects.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

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 \$22,577,229, an increase of \$4,872,172 in comparison with the prior year. Approximately 81% of this total amount (\$18,224,458) constitutes unreserved fund balance, which is available for spending at the government'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) encumbrances to liquidate contracts and purchase orders, \$1,202,364 and 2) to pay debt service, \$3,150,407. 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 fiscal year, unreserved fund balance was \$11,816,465 while total fund balance reached \$11,867,213. Fund balance represents 63% of total General Fund expenditures. The City's General Fund minimum reserve policy level is 25% of expenditures. The City's FY 2008 General Fund balance increased \$2,190,797, primarily due to an increase in revenue of \$1,979,059 in several areas compared to FY 2007. Changes in revenue include a \$364,646 planned increase in property taxes; \$229,409 increase in licenses and permits mainly from stronger than expected building activity; \$939,926 increase in public utilities due to a \$829,600 one time settlement from three cell phone companies; \$212,313 decrease in intergovernmental due to lower than expected sales tax; \$223,127 increase in fines and forfeitures due to an increase in volume of traffic and moving violations; and \$465,979 increase in miscellaneous due to new development fees and two pass through State of Missouri cyber crime grants.

The Revolving Public Improvement Fund Balance totaling \$3,432,888 includes \$2,358,173 unreserved and \$1,074,715 reserved for encumbrances. The net increase in fund balance of \$1,183,064 was due to an increase in intergovernmental revenue from road and bridge taxes and a federal grant; a decrease in planned capital outlay and a decrease in transfers compared to the prior year. Transfers in of \$115,000 are from the Parking Fund and transfers out of \$463,190 are to pay for a portion of the debt service on the 1999 and 2007 bond issues.

The Equipment Replacement Fund has a total fund balance of \$2,627,870. Almost the entire fund balance is unreserved but designated for the replacement of all the vehicles and large dollar equipment in the City based on a long range replacement plan. The funding source is from a charge-back to the Revolving Public Improvement Fund.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

Proprietary Funds

The fund statements for the proprietary funds look much like the business-type activities 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.

Total net assets of the Parking Fund decreased \$115,437 to \$19,891,665. Unrestricted net assets for the Parking (enterprise) Fund decreased \$84,644 to \$10,221,756.

The entire net assets of the Insurance (internal service) Fund are unrestricted and total \$654,649, an increase of \$29,966.

General Fund Significant Variances - Budget and Actual

Pages 51 through 52 summarize the General Fund budget to actual. The General Fund had various adjustments between the original and final budget for revenues and expenditures. As stated earlier, the City policy on General Fund balance is a minimum of 25% of expenditures and transfers. The current balance is 63%.

Overall, the net change in fund balance on the budget basis was an increase of \$2,264,388. Actual General Fund revenue totaling \$20,956,052 was \$1,736,282 or 9% more than the final budget. This is mainly due to a conservative budgeting philosophy and for unbudgeted developer fees and pass through grant revenue.

The actual General Fund expenditures totaling \$18,691,664 were \$213,542 or 1.1% more than the final budget. Unbudgeted expenses related to developer agreements and pass through grant expenses account for the majority of the over budget amount.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008 totaled \$47,875,096 (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 \$13,644 with depreciable capital assets increasing \$922,440, construction in progress increasing \$855,250 and offset by depreciation of \$1,791,334.

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (Continued)

Capital Assets

City of Clayton Capital Assets (Net of depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,320,981	\$ 1,320,981	\$ 1,642,361	\$ 1,642,361	\$ 2,963,342	\$ 2,963,342
Buildings	13,321,669	13,730,917	11,233,010	11,544,222	24,554,679	25,275,139
Improvements other than buildings	430,157	187,115	27,445	28,955	457,602	216,070
Machinery/Equipment	2,304,677	2,239,180	82,316	83,539	2,386,993	2,322,719
Infrastructure	16,544,601	16,998,841	—	—	16,544,601	16,998,841
Construction in progress	967,879	112,629	—	—	967,879	112,629
Total	\$ 34,889,964	\$ 34,589,663	\$ 12,985,132	\$ 13,299,077	\$ 47,875,096	\$ 47,888,740

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 \$26,751,341 (excluding the deferred amount on refunding of \$509,470 and premiums of \$66,550) at the end of the current fiscal year. \$4,885,000 is general obligation debt backed by the full faith and credit of the City, \$20,150,000 is special obligation debt and \$1,716,341 is a note payable paid for from annual appropriations and special assessment fees.

City of Clayton's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Series 1999	\$ 4,885,000	\$ 5,760,000	\$ —	\$ —	\$ 4,885,000	\$ 5,760,000
Series 2002	—	7,375,000	—	—	—	7,375,000
Series 2005	9,935,000	10,645,000	2,040,000	2,240,000	11,975,000	12,885,000
Series 2007	8,175,000	—	—	—	8,175,000	—
Capital Lease	—	4,154	—	—	—	4,154
Note Payable	—	—	1,716,341	1,846,341	1,716,341	1,846,341
Total	\$ 22,995,000	\$ 23,784,154	\$ 3,756,341	\$ 4,086,341	\$ 26,751,341	\$ 27,870,495

CITY OF CLAYTON, MISSOURI

Management's Discussion And Analysis (*Continued*)

The City's total debt decreased by \$1,119,154 during the current fiscal year. Additional information on the City's long-term debt can be found in Note 6 to the Financial Statements, page 38.

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 and is projected to have minimal growth.

A slight property tax revenue increase is due to new construction being added. Sales tax is projected to be flat 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 of Clayton is optimistic. This optimism includes maintaining 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 government'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, 2008

	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	\$ 1,702,198	\$ 653,143	\$ 2,355,341
Investments	18,722,317	9,706,933	28,429,250
Accounts receivable	684,638	19,506	704,144
Property taxes receivable	165,455	—	165,455
Intergovernmental receivable	1,743,764	—	1,743,764
Special assessments receivable	382,357	—	382,357
Other receivables	25,723	—	25,723
Interest receivable	62,671	38,048	100,719
Prepaid expenses	102,859	—	102,859
Bond issue costs, net	162,608	10,494	173,102
Net pension asset	274,627	—	274,627
Cash - restricted	28,813	20,972	49,785
Investments - restricted	2,166,142	244,528	2,410,670
Capital assets:			
Land and construction in progress	2,288,860	1,642,361	3,931,221
Other capital assets, net	32,601,104	11,342,771	43,943,875
Total Assets	61,114,136	23,678,756	84,792,892
Liabilities			
Accounts payable	739,541	113,171	852,712
Retainage payable	104,356	—	104,356
Accrued interest payable	297,880	62,502	360,382
Accrued liabilities	566,818	10,566	577,384
Unearned revenues	370,786	—	370,786
Deposits	390,661	6,571	397,232
Net pension obligation	561,723	—	561,723
Noncurrent liabilities:			
Due within one year	2,607,071	348,064	2,955,135
Due in more than one year	20,372,204	3,246,217	23,618,421
Total Liabilities	26,011,040	3,787,091	29,798,131
Net Assets			
Invested in capital assets, net of related debt	12,335,368	9,404,409	21,739,777
Restricted for:			
Debt service	3,150,407	265,500	3,415,907
Special taxing district	230,983	—	230,983
Sewer lateral projects	255,186	—	255,186
Unrestricted	19,131,152	10,221,756	29,352,908
Total Net Assets	\$ 35,103,096	\$ 19,891,665	\$ 54,994,761

CITY OF CLAYTON, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2008

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
Governmental Activities							
General government	\$ 5,286,324	\$ 867,722	\$ —	\$ —	\$ (4,418,602)	\$ —	\$ (4,418,602)
Public safety	8,495,262	1,286,279	272,673	—	(6,936,310)	—	(6,936,310)
Streets and highways	5,411,338	187,215	954,885	569,600	(3,699,638)	—	(3,699,638)
Parks and recreation	2,079,965	824,989	42,763	—	(1,212,213)	—	(1,212,213)
Community development	173,316	1,398,448	—	—	1,225,132	—	1,225,132
Interest on long-term debt	963,747	—	—	—	(963,747)	—	(963,747)
Total Governmental Activities	22,409,952	4,564,653	1,270,321	569,600	(16,005,378)	—	(16,005,378)
Business-Type Activity							
Parking facility	1,210,118	1,420,803	—	—	—	210,685	210,685
Total Primary Government	\$ 23,620,070	\$ 5,985,456	\$ 1,270,321	\$ 569,600	(16,005,378)	210,685	(15,794,693)
General Revenues							
Taxes:							
Property					6,643,277	—	6,643,277
Sales					6,043,834	—	6,043,834
Utility					5,701,276	—	5,701,276
Other					556,272	—	556,272
Investment income					771,380	427,878	1,199,258
Miscellaneous					1,022,818	—	1,022,818
Transfers					754,000	(754,000)	—
Total General Revenues And Transfers					21,492,857	(326,122)	21,166,735
Change In Net Assets					5,487,479	(115,437)	5,372,042
Net Assets - Beginning Of Year					29,615,617	20,007,102	49,622,719
Net Assets - End Of Year					\$ 35,103,096	\$ 19,891,665	\$ 54,994,761

CITY OF CLAYTON, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Revolving Public Improvement Fund	Equipment Replacements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 694,808	\$ 233,667	\$ 85,100	\$ 526,456	\$ 1,540,031
Investments	11,304,830	2,743,519	2,518,161	1,761,306	18,327,816
Accounts receivable	640,594	—	—	44,044	684,638
Property taxes receivable	140,425	—	—	25,030	165,455
Intergovernmental receivable	774,564	774,200	—	195,000	1,743,764
Special assessments receivable	—	222,887	—	159,470	382,357
Other receivables	—	25,723	—	—	25,723
Interest receivable	14,506	9,758	24,609	13,666	62,539
Cash - restricted	—	—	—	28,813	28,813
Investments - restricted	—	—	—	2,166,142	2,166,142
Total Assets	\$ 13,569,727	\$ 4,009,754	\$ 2,627,870	\$ 4,919,927	\$ 25,127,278
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 309,879	\$ 333,979	\$ —	\$ 90,673	\$ 734,531
Accrued liabilities	563,020	—	—	3,798	566,818
Unearned revenue	370,786	—	—	—	370,786
Deferred tax revenue	88,168	222,887	—	176,198	487,253
Deposits	370,661	20,000	—	—	390,661
Total Liabilities	1,702,514	576,866	—	270,669	2,550,049
Fund Balances					
Fund Balances:					
Reserved for:					
Encumbrances	50,748	1,074,715	76,455	446	1,202,364
Debt service	—	—	—	3,150,407	3,150,407
Unreserved:					
General fund	11,816,465	—	—	—	11,816,465
Special revenue funds	—	—	—	559,631	559,631
Capital projects funds	—	2,358,173	2,551,415	938,774	5,848,362
Total Fund Balances	11,867,213	3,432,888	2,627,870	4,649,258	22,577,229
Total Liabilities And Fund Balances	\$ 13,569,727	\$ 4,009,754	\$ 2,627,870	\$ 4,919,927	\$ 25,127,278

CITY OF CLAYTON, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS September 30, 2008

Total Fund Balance - Governmental Funds \$ 22,577,229

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 \$49,495,609 and the accumulated depreciation is \$14,605,645. 34,889,964

Net pension asset is not a financial resource and, therefore, is not reported in the funds. 274,627

Property taxes assessed by the City, but not collected within 60 days after 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. 487,253

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. 654,649

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	(297,880)
Retainage payable	(104,356)
Net pension obligation	561,723
Compensated absences	(262,071)
Bonds payable	(22,717,204)
Unamortized issuance costs	162,608

Total Net Assets - Governmental Activities \$ 36,226,542

CITY OF CLAYTON, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended September 30, 2008

	General	Revolving Public Improvement Fund	Equipment Replacements Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes	\$ 5,396,675	\$ —	\$ —	\$ 1,296,397	\$ 6,693,072
Assessment income	—	53,356	—	123,780	177,136
Licenses and permits	1,644,961	—	—	—	1,644,961
Public utility licenses	5,697,656	3,620	—	—	5,701,276
Intergovernmental	4,189,939	2,785,971	—	1,514,958	8,490,868
Community programs	1,281,421	—	—	—	1,281,421
Fines and forfeitures	1,104,800	—	—	84,798	1,189,598
Investment income	433,063	96,344	92,491	149,482	771,380
Miscellaneous	1,207,537	50,484	1,086	90,399	1,349,506
Total Revenues	20,956,052	2,989,775	93,577	3,259,814	27,299,218
Expenditures					
Current:					
General government	4,751,225	—	—	1,463	4,752,688
Public safety	8,352,863	—	—	9,503	8,362,366
Streets and highways	3,822,033	—	—	—	3,822,033
Parks and recreation	1,839,134	—	—	—	1,839,134
Community development	—	—	—	173,316	173,316
Capital outlay	—	1,458,521	544,400	582,486	2,585,407
Debt service:					
Principal	—	—	—	8,960,000	8,960,000
Interest and fiscal charges	—	—	—	894,912	894,912
Bond issuance costs	—	—	—	76,239	76,239
Total Expenditures	18,765,255	1,458,521	544,400	10,697,919	31,466,095
Revenues Over (Under) Expenditures	2,190,797	1,531,254	(450,823)	(7,438,105)	(4,166,877)
Other Financing Sources (Uses)					
Transfers in	—	115,000	378,916	1,809,163	2,303,079
Transfers out	—	(463,190)	—	(1,085,889)	(1,549,079)
Sale of capital assets	—	—	36,783	—	36,783
Issuance of refunding debt	—	—	—	8,175,000	8,175,000
Premium on issuance of debt	—	—	—	73,266	73,266
Total Other Financing Sources (Uses)	—	(348,190)	415,699	8,971,540	9,039,049
Net Change In Fund Balances	2,190,797	1,183,064	(35,124)	1,533,435	4,872,172
Fund Balances - Beginning Of Year	9,676,416	2,249,824	2,662,994	3,115,823	17,705,057
Fund Balances - End Of Year	\$ 11,867,213	\$ 3,432,888	\$ 2,627,870	\$ 4,649,258	\$ 22,577,229

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, 2008

Net Change In Fund Balances - Total Governmental Funds \$ 4,872,172

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. Capital outlays of \$1,752,014 over the capitalization threshold exceeded depreciation of \$1,456,390 in the current period. 295,624

In the statement of activities, a loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets; only the proceeds from sales of capital assets are reported. (99,679)

Property tax revenues received prior to the year for which they were 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 decreased this fiscal year by \$90,130. 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 \$65,657. (155,787)

The issuance of long-term debt (e.g., bonds and 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, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on capital leases	4,154
Repayment of bond principal	8,960,000
Proceeds from bond refunding	(8,175,000)
Bond issue costs	76,239
Proceeds from premium on bonds	(73,266)
Amortization of premium, issuance costs, and deferred amount on refunding	(52,083)

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	(16,752)
Compensated absences	(13,453)
Net pension liabilities	(164,656)

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. 29,966

Change In Net Assets Of Governmental Activities \$ 5,487,479

CITY OF CLAYTON, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2008

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 653,143	\$ 162,167
Investments	9,706,933	394,501
Accounts receivable	19,506	—
Interest receivable	38,048	132
Prepaid expenses	—	102,859
Total Current Assets	10,417,630	659,659
Noncurrent Assets		
Capital Assets:		
Land	1,642,361	—
Other capital assets, net	11,342,771	—
Total Capital Assets	12,985,132	—
Restricted Assets:		
Cash	20,972	—
Investments	244,528	—
Total Restricted Assets	265,500	—
Bond issue costs	10,494	—
Total Noncurrent Assets	13,261,126	—
Total Assets	23,678,756	659,659
Liabilities		
Current Liabilities		
Accounts payable	113,171	5,010
Accrued interest payable	62,502	—
Accrued liabilities	10,566	—
Deposits	6,571	—
Accrued compensated absences	3,064	—
Bonds payable - current	205,000	—
Notes payable - current	140,000	—
Total Current Liabilities	540,874	5,010
Noncurrent Liabilities		
Bonds payable	1,669,876	—
Notes payable	1,576,341	—
Total Noncurrent Liabilities	3,246,217	—
Total Liabilities	3,787,091	5,010
Net Assets		
Invested in capital assets, net of related debt	9,404,409	—
Restricted for debt service	265,500	—
Unrestricted	10,221,756	654,649
Total Net Assets	\$ 19,891,665	\$ 654,649

CITY OF CLAYTON, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For The Year Ended September 30, 2008

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues		
St. Louis parking systems	\$ 402,336	\$ —
Parking lot revenue	112,699	—
Parking meter revenue	905,768	—
Participant contributions	—	216,335
Employer contributions	—	1,658,827
Total Operating Revenues	1,420,803	1,875,162
Operating Expenses		
Personnel services	268,023	—
Contractual services	411,093	1,868,327
Commodities	28,174	—
Depreciation	334,944	—
Insurance and fringe benefits	40,000	—
Total Operating Expenses	1,082,234	1,868,327
Operating Income	338,569	6,835
Nonoperating Revenue (Expense)		
Investment income	427,878	14,552
Interest expense	(127,884)	—
Miscellaneous income	—	8,579
Total Nonoperating Revenue	299,994	23,131
Income Before Transfers	638,563	29,966
Transfers		
Transfers out	(754,000)	—
Change In Net Assets	(115,437)	29,966
Net Assets - Beginning Of Year	20,007,102	624,683
Net Assets - End Of Year	\$ 19,891,665	\$ 654,649

CITY OF CLAYTON, MISSOURI

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For The Year Ended September 30, 2008

	Business-Type Activity - Parking Facilities Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,450,787	\$ —
Receipts from interfund services provided	—	1,883,836
Payments to suppliers	(366,610)	—
Payments to employees	(265,446)	—
Payments for interfund services used	—	(1,867,772)
Net Cash Provided By Operating Activities	818,731	16,064
Cash Flows From Noncapital And Related Financing Activities		
Transfers to other funds	(754,000)	—
Due to other funds	(306,824)	—
Net Cash Used In Noncapital And Related Financing Activities	(1,060,824)	—
Cash Flows From Capital And Related Financing Activities		
Purchase of capital assets	(20,999)	—
Principal payments on note payable	(130,000)	—
Principal payments on special obligation capital improvement bonds	(200,000)	—
Interest payments on special obligation capital improvement bonds and note payable	(105,963)	—
Net Cash Used In Capital And Related Financing Activities	(456,962)	—
Cash Flows From Investing Activities		
Interest received on investments	427,277	14,420
Purchase of investments	(18,995,685)	(394,501)
Sales of investments	17,106,874	—
Net Cash Used In Investing Activities	(1,461,534)	(380,081)
Net Decrease In Cash And Cash Equivalents	(2,160,589)	(364,017)
Cash And Cash Equivalents - Beginning Of Year	2,834,704	526,184
Cash And Cash Equivalents - End Of Year	\$ 674,115	\$ 162,167
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Operating income	\$ 338,569	\$ 6,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Miscellaneous nonoperating revenue	—	8,579
Depreciation	334,944	—
(Increase) decrease in:		
Accounts receivable	29,984	95
Prepaid expenses	—	3,092
Increase (decrease) in:		
Accounts payable	111,011	(2,537)
Accrued liabilities	2,577	—
Deposits	1,646	—
Net Cash Provided By Operating Activities	\$ 818,731	\$ 16,064
Supplemental Disclosure Of Cash Flow Information		
Noncash activities:		
Amortization of deferred amount on refunding	\$ 25,404	\$ —
Net appreciation in fair value of investments	63,915	—

CITY OF CLAYTON, MISSOURI

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS September 30, 2008

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 791,012
Investments:	
U.S. government and agency securities	4,252,174
Foreign bonds	250,341
Common stocks	1,980,775
Corporate bonds	3,542,093
Taxable municipal obligations	617,547
Mutual funds	17,807,156
Property funds	3,771,629
Interest receivable	95,112
Total Assets	33,107,839
Net Assets	
Held in trust for pension benefits	\$ 33,107,839

CITY OF CLAYTON, MISSOURI

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For The Year Ended September 30, 2008

	Pension Trust Funds
Additions	
Contributions:	
Participant contributions	\$ 227,153
Employer contributions	733,009
Total Contributions	<u>960,162</u>
Investment Loss:	
Net depreciation in fair value of investments and interest and dividends	(4,364,163)
Investment expenses	(189,720)
Total Investment Loss	<u>(4,553,883)</u>
Total Additions	(3,593,721)
Deductions	
Benefits paid	<u>1,325,205</u>
Change In Net Assets	(4,918,926)
Net Assets Held In Trust For Pension Benefits - Beginning Of Year	<u>38,026,765</u>
Net Assets Held In Trust For Pension Benefits - End Of Year	<u><u>\$ 33,107,839</u></u>

CITY OF CLAYTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2008

1. Summary Of Significant Accounting Policies

The financial statements of the City of Clayton, Missouri (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The more significant of the City's accounting and reporting policies and practices 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. As a general rule, the effect of interfund activity has been removed from these statements to minimize the duplication of internal activities, with the exception of interfund services provided and used. 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.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are two categories of funds used by the City, governmental and proprietary.

Governmental Fund

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 Replacement Fund - The Equipment Replacement Fund is a capital projects fund used to account for funds set aside for capital asset replacement.

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.

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.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 is 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. 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.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 granted at the beginning of the calendar year. A maximum of 80 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 discounts, 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 costs, 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.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 are 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 funds and transfers in (out) in the proprietary funds.

Transactions between the City’s various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either “due to/due from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Property Taxes

Property taxes are levied in September of each year based on the assessed value as of the prior January 1 for all real and personal property located in the City. The City tax rate was levied at \$0.691 for residential property, \$0.761 for commercial property and \$0.832 for personal property per \$100 of assessed valuation. Included in each rate is the debt service rate of \$0.125. 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.

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

The City, in accordance with its investment policy, 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. The City also has two pension trust funds, the City of Clayton Uniformed Employees’ Retirement Fund and the Non-Uniformed Employees’ Retirement Fund. Each fund has a separate investment policy with similar objectives.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

A summary of deposits and investments as of September 30, 2008 is as follows:

	<u>Cost</u>	<u>Fair Value</u>
Governmental Activities		
Cash and temporary investment	\$ 1,721,976	\$ 1,727,269
Money market funds (checking)	3,742	3,742
Certificates of deposit	20,728,204	20,888,459
	<u>\$ 22,453,922</u>	<u>\$ 22,619,470</u>
Business-Type Activity – Enterprise Fund		
Cash and temporary investment	\$ 674,115	\$ 674,115
Certificates of deposit	9,904,735	9,951,461
	<u>\$ 10,578,850</u>	<u>\$ 10,625,576</u>
Pension Trust Funds		
Cash and temporary investments	\$ 791,012	\$ 791,012
Mutual funds	16,085,539	17,807,156
Property funds	3,735,296	3,771,629
U.S. Treasuries	599,518	645,423
U.S. Agencies	3,566,823	3,606,751
Common stocks	2,134,598	1,980,775
Corporate bonds	3,866,768	3,542,093
Taxable municipal obligations	612,360	617,547
Foreign bonds	242,717	250,341
	<u>\$ 31,634,631</u>	<u>\$ 33,012,727</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

Uniformed Employee Retirement Fund (UERF) And Non-Uniformed Employee Retirement Fund (NUERF)

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 the pension boards 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 the 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 returns are 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.

The plans invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that material changes in the values of investment securities could occur.

Investment Types And Maturities

Governmental And Business-Type Activities

The City's investment policy governs all investment activity, except investments in the pension trust 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. The City will not invest in securities maturing more than three years from the date of purchase unless matched to a specific cash flow.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

At September 30, 2008, the general government and business-type activities portfolios had investments only in discounted or collateralized certificates of deposits.

Pension Trust Funds

The Uniformed Employee Retirement Fund and Non-Uniformed Employee Retirement Fund investment portfolios had the following investments and maturities at September 30, 2008:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Treasuries	\$ 645,423	\$ —	\$ 128,935	\$ —	\$ 516,488
U.S. Agencies	3,606,751	715	739,915	588,798	2,277,323
Corporate bonds	3,542,093	—	1,177,010	1,026,878	1,338,205
Taxable municipal obligations	617,547	145,934	365,057	60,968	45,588
Fixed income - mutual funds	2,749,396	—	2,749,396	—	—
Foreign bonds	250,341	—	44,809	205,532	—
	\$ 11,411,551	\$ 146,649	\$ 5,205,122	\$ 1,882,176	\$ 4,177,604

Credit Risk

Governmental And Business-Type Activities

The City's investment policy does not address credit quality standards. The City has an unrated money market account that is covered by excess deposit insurance for amounts above the Federal Deposit Insurance Corporation (FDIC).

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Pension Trust Funds

The investment policies of the pension funds do 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, 2008, excluding obligations of the United States government or obligations explicitly guaranteed by the United States government.

	<u>S&P</u>	<u>Fair Value</u>
U.S. Agencies	AAA	\$ 3,606,751
Corporate Bonds	AAA	1,480,535
Corporate Bonds	AA	450,901
Corporate Bonds	A	1,098,114
Corporate Bonds	BBB	512,543
Fixed Income - Mutual Funds	Unrated	2,749,396
Taxable Municipal Obligations	AAA	157,028
Taxable Municipal Obligations	AA	460,519
Foreign Bonds	AAA	205,533
Foreign Bonds	A	15,742
Foreign Bonds	BBB	29,066
		<u>\$ 10,766,128</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 government-wide investment portfolio will be invested in a single institution. The City had no investments other than certificates of deposit at September 30, 2008.

Pension Trust Funds

The pension investment policies specify that the investment mix shall be in a range of 55-65% equity securities, 25-35% fixed income securities, and 5-15% real estate. Target allocation for the equity securities is 30% large cap, 15% small cap and 15% international; fixed income 30%; and real estate 10%. The trustees 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.

At September 30, 2008, the pension plans did not have concentrations with any one issuer greater than 5%.

Custodial Credit Risk

Governmental And Business-Type Activities

Custodial credit risk for investments 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.

Custodial credit risk for deposits is the risk that in the event of a 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 specific eligible securities pledged by the financial institution; by a single collateral pool established by the financial institution; or, by separate insurance. At September 30, 2008, \$37,164 of the City's bank balance was uninsured and uncollateralized.

Pension Trusts

Custodial credit risk in the pension trust funds 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, 2008, the City of Clayton Uniformed Employees' Retirement Fund has \$8,662,155 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 Employee's Retirement Fund.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

3. Capital Assets

Capital asset activity was as follows:

	Balance - October 1, 2007	Additions	Retirements	Balance - September 30, 2008
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,320,981	\$ —	\$ —	\$ 1,320,981
Construction in process	112,629	967,879	112,629	967,879
Total capital assets not being depreciated	1,433,610	967,879	112,629	2,288,860
Capital assets, being depreciated:				
Buildings	16,345,611	21,425	—	16,367,036
Improvements other than buildings	416,423	282,995	—	699,418
Machinery and equipment	5,711,349	668,258	508,093	5,871,514
Infrastructure	24,240,339	28,442	—	24,268,781
Total capital assets being depreciated	46,713,722	1,001,120	508,093	47,206,749
Less accumulated depreciation for:				
Buildings	2,614,694	430,673	—	3,045,367
Improvements other than buildings	229,308	39,953	—	269,261
Machinery and equipment	3,472,169	503,082	408,414	3,566,837
Infrastructure	7,241,498	482,682	—	7,724,180
Total accumulated depreciation	13,557,669	1,456,390	408,414	14,605,645
Total capital assets being depreciated, net	33,156,053	(455,270)	99,679	32,601,104
Governmental activities capital assets, net	\$ 34,589,663	\$ 512,609	\$ 212,308	\$ 34,889,964
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,642,361	\$ —	\$ —	\$ 1,642,361
Capital assets, being depreciated:				
Buildings	13,294,550	—	—	13,294,550
Improvements other than buildings	78,601	—	—	78,601
Machinery and equipment	220,799	20,999	15,499	226,299
Total capital assets being depreciated	13,593,950	20,999	15,499	13,599,450
Less accumulated depreciation for:				
Buildings	1,750,328	311,212	—	2,061,540
Improvements other than buildings	49,646	1,510	—	51,156
Machinery and equipment	137,260	22,222	15,499	143,983
Total accumulated depreciation	1,937,234	334,944	15,499	2,256,679
Total capital assets being depreciated, net	11,656,716	(313,945)	—	11,342,771
Business-type activities capital assets, net	\$ 13,299,077	\$ (313,945)	\$ —	\$ 12,985,132

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

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

	For The Year Ended September 30, 2008
Governmental activities:	
General government	\$ 219,730
Public safety	235,763
Streets and highways	760,066
Parks and recreation	240,831
	<hr/>
	\$ 1,456,390
	<hr/> <hr/>
Business-type activity:	
Parking operations	\$ 334,944
	<hr/> <hr/>

4. Restricted Assets

The account balances shown below are restricted in accordance with the 2005A, 2005B and 2007 bond indentures:

	September 30, 2008	
	Actual	Required
Series 2005A Bond Reserve Account	\$ 1,377,754	\$ 1,216,500
Series 2005B Bond Reserve Account	265,500	265,500
Series 2007 Bond Reserve Account	817,201	817,500
	<hr/>	<hr/>
	\$ 2,460,455	\$ 2,299,500
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

5. Interfund Transactions

Individual interfund transactions are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>September 30, 2008</u>
2005A Bond Debt Service Fund	Parking Fund	\$ 100,000
Revolving Public Improvements Fund	Parking Fund	115,000
Recreation and Storm Water Fund	Parking Fund	539,000
Equipment Replacement Fund	Revolving Public Improvement Fund	378,916
2002 Capital Bond Fund	Revolving Public Improvement Fund	84,274
2005A Bond Debt Service Fund	Recreation and Storm Water Fund	920,000
2002 Capital Bond Fund	Recreation and Storm Water Fund	<u>165,889</u>
		<u>\$ 2,303,079</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.

6. Long-Term Liabilities

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

	<u>Balance - October 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance - September 30, 2008</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Special obligation capital improvement bonds	\$ 18,020,000	\$ 8,175,000	\$ 8,085,000	\$ 18,110,000	\$ 1,430,000
General obligation bonds	5,760,000	—	875,000	4,885,000	915,000
Capital lease	4,154	—	4,154	—	—
	<u>23,784,154</u>	<u>8,175,000</u>	<u>8,964,154</u>	<u>22,995,000</u>	<u>2,345,000</u>
Compensated absences*	248,618	660,092	646,639	262,071	262,071
	<u>\$ 24,032,772</u>	<u>\$ 8,835,092</u>	<u>\$ 9,610,793</u>	<u>23,257,071</u>	<u>\$ 2,607,071</u>
Less: Deferred Amount On Refunding				344,346	
Add: Unamortized Premium On Bonds				<u>66,550</u>	
Governmental Activities Long-Term Liabilities				<u>\$ 22,979,275</u>	

* The liability for compensated absences is generally liquidated by the general fund.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - October 1, 2007	Additions	Reductions	Balance - September 30, 2008	Amounts Due Within One Year
Business-Type Activity					
Special obligation capital improvement bonds	\$ 2,240,000	\$ —	\$ 200,000	\$ 2,040,000	\$ 205,000
Note payable	1,846,341	—	130,000	1,716,341	140,000
	4,086,341	—	330,000	3,756,341	345,000
Compensated absences**	2,554	16,680	16,170	3,064	3,064
	<u>\$ 4,088,895</u>	<u>\$ 16,680</u>	<u>\$ 346,170</u>	<u>3,759,405</u>	<u>\$ 348,064</u>
Less: Deferred Amount On Refunding				<u>165,124</u>	
Business-Type Activity Long-Term Liabilities				<u>\$ 3,594,281</u>	

** The liability for compensated absences is generally liquidated by the Parking Facilities Enterprise Fund.

During the fiscal year ended September 30, 2008, the City issued Special Obligation Refunding Bonds, Series 2007 in the amount \$8,175,000 at an interest rate of 3.75%. The bond proceeds are being used to currently refund \$7,375,000 of the Series 2002 bond issuance with an interest rate of 2.65%. An \$817,500 reserve was established at the time of the bond sale. The net proceeds of \$7,369,478, after payment of \$76,239 of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for the payment of principal and interest of the aforementioned Series 2002 bonds.

As a result of the refunding, the City increased its total debt service requirements by \$1,576,690 which resulted in an economic loss of \$75,141. Premiums of \$73,266 were capitalized and will be amortized over 10 years. The 2002 bonds (\$9,950,000 issue) were originally used to construct a new outdoor pool in Shaw Park, a new Fire Station, to renovate City Hall and pay for issuance costs. Principal is due December 1 and interest is due December 1 and June 1 of each year. Annual debt payments of principal and interest total approximately \$1,060,000 each year through fiscal year 2013 and decrease to \$630,000 each year through fiscal year 2018 with a final payoff totaling \$1,334,000 on December 1, 2018.

Special Obligation Refunding Bond, Series 2005A totaling \$12,165,000, was issued on April 26, 2005 with interest rates ranging from 3.0% to 4.1%. The 2005A bonds were issued to advance refund the 1997 and 1998A bonds (initial issue of \$9,175,000 and \$5,875,000, respectively) that were originally used for the following purposes: to construct a multi purpose recreation center in cooperation with Clayton School District; reconstruct the Shaw Park Ice Rink and Tennis Center; purchase fifty parking spaces in a new St. Louis County parking garage; and private street infrastructure improvements in two subdivisions. Principal is due December 1 and interest is due December 1 and June 1 of each year. Annual debt payments of principal and interest total approximately \$1,090,000 million each year through fiscal year 2016. Final payoff is on December 1, 2017. A \$1,216,500 reserve was established at the time of the bond sale and will be used to pay the final payment on December 1, 2017.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Special Obligation Refunding Taxable Bond, Series 2005B totaling \$2,655,000, was issued on April 26, 2005 with an interest rate of 4.85%. The 2005B bond was issued to advance refund the 1998B bonds (initial issue of \$3,315,000) that were originally used to acquire real estate and construct a parking garage. Principal is due December 1 and interest is due December 1 and June 1 of each year. Annual debt payments of principal and interest total approximately \$305,000 each year through fiscal year 2016. A \$265,500 reserve was established at the time of the bond sale and will be used to pay the final payment on December 1, 2015.

The net issuances for the 2005A and 2005B series of \$14,765,174, after payment of \$152,526 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.

General Obligation Refunding Bond, Series 1999 totaling \$8,410,000 was issued on June 1, 1999 with interest rates ranging from 4.1% to 4.5%. The 1999 bonds were issued to advance refund portions of the 1993 and 1994 bonds (initial issue of \$9,500,000 and \$4,500,000, respectively) that were originally issued for the following purposes: to improve two City parks; to resurface residential streets and sidewalks; improvements to infrastructure in three City subdivisions; building improvements to comply with the American Disabilities Act; perform improvements to curb, sidewalk and traffic signals in the Clayton Central Business District; perform improvements to the City recreational facilities including Shaw Park Pool, Ice Rink and Hanley House; and replacement of the underground tank at the Municipal Garage. Principal is due December 1 and interest is due December 1 and June 1 of each year. Annual debt payments of principal and interest total approximately \$1,100,000 million each year through fiscal year 2013. Final payoff is on December 1, 2012.

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, 2008, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to \$12,525,000.

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 range from 4.0% to 4.75%. The City commenced payments to the County in fiscal year 2005 of \$19,234 per month continuing through May 2018.

CITY OF CLAYTON, MISSOURINotes To Basic Financial Statements (*Continued*)**Maturities**

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

For The Year Ending September 30,	Special Obligation Capital Improvement Bonds		
	Principal	Interest	Total
2009	\$ 1,430,000	\$ 657,871	\$ 2,087,871
2010	1,505,000	606,490	2,111,490
2011	1,585,000	550,446	2,135,446
2012	1,670,000	491,384	2,161,384
2013	1,950,000	425,034	2,375,034
2014-2018	8,660,000	1,225,718	9,885,718
2019	1,310,000	24,563	1,334,563
	\$ 18,110,000	\$ 3,981,506	\$ 22,091,506

For The Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
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	1,040,000	67,205	1,107,205
2013	985,000	22,163	1,007,163
	\$ 4,885,000	\$ 546,364	\$ 5,431,364

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
2009	\$ 205,000	\$ 93,969	\$ 298,969
2010	220,000	83,663	303,663
2011	235,000	72,629	307,629
2012	245,000	60,989	305,989
2013	255,000	48,864	303,864
2014-2016	880,000	65,960	945,960
	\$ 2,040,000	\$ 426,074	\$ 2,466,074

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

For The Year Ending September 30,	St. Louis County Parking Garage Repayment		
	Principal	Interest	Total
2009	\$ 140,000	\$ 78,725	\$ 218,725
2010	145,000	72,845	217,845
2011	150,000	66,610	216,610
2012	155,000	60,010	215,010
2013	165,000	53,035	218,035
2014-2018	961,341	141,650	1,102,990
	\$ 1,716,341	\$ 472,874	\$ 2,189,215

7. 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, 2008 was \$10,452,270.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (Continued)

City of Clayton Non-Uniformed Employees' Retirement Fund Financial Statements

Statement Of Fiduciary Net Assets

Cash and cash equivalents	\$ 18,592
Investments: Mutual funds and property funds	9,180,017
Interest receivable	11,492
	<hr/>
Net Assets Held For Pension Benefits	\$ 9,210,101
	<hr/> <hr/>

Statement Of Changes In Fiduciary Net Assets

Additions	<hr/> \$ —
Deductions	
Investment loss:	
Net depreciation in fair value of investments and interest and dividends	938,158
Plus: Investment expense	47,941
Total Investment Loss	<hr/> 986,099
Benefits	<hr/> 263,105
Total Deductions	<hr/> 1,249,204
Change In Net Assets	(1,249,204)
Net Assets Held In Trust For Pension Benefits, Beginning Of Year	<hr/> 10,459,305
Net Assets Held In Trust For Pension Benefits, End Of Year	<hr/> \$ 9,210,101
	<hr/> <hr/>

Plan Description And Provisions

The City sponsors and administers a single-employer defined benefit pension plan, the City of Clayton 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, 2008 was \$4,477,087. Current membership in the NUERF is as follows:

<u>Group</u>	<u>July 1, 2008</u>
Retirees and beneficiaries currently receiving benefits	26
Vested terminated employees	38
Active employees:	
Fully vested	56
Nonvested	35

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 five years of credited service, a refund of member contributions plus 4% interest.
- With five 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 5.7% of covered compensation. For the plan year ended June 30, 2008, based on an actuarial valuation dated July 1, 2007, there was an actuarial required employer contribution of \$140,537.

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 for the NUERF for the current year is as follows:

For The Plan Year Ended June 30,	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
2008	\$ 393,248	\$ 140,537	\$ 27,527	\$ 43,167	\$ 168,475	\$ —	\$ 561,723

Three-Year Trend Information

For The Plan Years Ended June 30,	Pension Plan		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2008	\$ 168,475	— %	\$ 561,723
2007	254,523	— %	393,248
2006	115,427	— %	138,725

Funding Status And Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the Plan was 100.35% funded. The actuarial accrued liability (AAL) for benefits was \$10,124,715 and the actuarial value of assets was \$10,160,207, resulting in an excess of assets over AAL of \$35,492. The covered payroll was \$4,477,087, and the ratio of the AAL to the covered payroll was 0.79%.

The scheduled funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CLAYTON, MISSOURI

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	\$ 772,420
Investments:	
U.S. government and agency securities	4,252,174
Foreign bonds	250,341
Common stocks	1,980,775
Corporate bonds	3,542,093
Taxable municipal obligations	617,547
Mutual funds and property funds	12,398,768
Interest receivable	<u>83,620</u>
Total Net Assets Held For Pension Benefits	<u>\$ 23,897,738</u>

Statement Of Changes In Fiduciary Net Assets

Additions	
Contributions:	
Participant contributions	\$ 227,153
Employer contributions	<u>733,009</u>
Total Additions	<u>960,162</u>
Deductions	
Investment Loss:	
Net depreciation in fair value of investments and interest and dividends	3,426,005
Plus: Investment expense	<u>141,779</u>
Net Investment Loss	<u>3,567,784</u>
Benefits	<u>1,062,100</u>
Total Deductions	<u>4,629,884</u>
Change In Net Assets	(3,669,722)
Net Assets Held In Trust For Pension Benefits, Beginning Of Year	<u>27,567,460</u>
Net Assets Held In Trust For Pension Benefits, End Of Year	<u>\$ 23,897,738</u>

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2008 was \$5,274,459. Current membership in the UERF is as follows:

<u>Group</u>	<u>January 1, 2008</u>
Retirees and beneficiaries currently receiving benefits	49
Vested terminated employees	6
Active employees:	
Fully vested	42
Nonvested	43

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 25 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 for the current year is as follows:

For The Plan Year Ended December 31,	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
2007	\$ (270,808)	\$ 733,009	\$ (18,957)	\$ 15,138	\$ 729,190	\$ 733,009	\$ (274,627)

Three-Year Trend Information:

For The Plan Years Ended December 31,	Pension Plan		Net Pension Obligation (Asset)
	Annual Pension Cost	Percentage Contributed	
2007	\$ 729,190	100.5%	\$ (274,627)
2006	752,517	100.5%	(270,808)
2005	794,376	100.5%	(267,043)

Funding Status And Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the Plan was 91.7% funded. The actuarial accrued liability for benefits was \$30,173,000 and the actuarial value of assets was \$27,668,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,505,000. The covered payroll was \$5,274,000, and the ratio of the UAAL to the covered payroll was 47.5%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the al accrued liability for benefits.

8. 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.

9. 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 the Insurance Fund (an Internal Service Fund) to account for its risks of loss.

The City joined the St. Louis Area Insurance Trust (SLAIT) in January 2005, a public entity risk pool, for general liability, law enforcement liability, workers' compensation, and automobile liability. The change reduced the City's financial exposure for claims. The City's insurance coverage with each category of risk is in the amount of \$2.5 million per occurrence, except coverage for workers' compensation is in the amount of \$1 million per occurrence. The City pays an annual contribution to SLAIT for its insurance coverage. If the contributions produce insufficient funds to meet obligations, SLAIT is empowered to make special assessments. Members of SLAIT are jointly and severally liable for all claims against SLAIT.

The Insurance Fund charges other funds for insurance coverage based on estimates of the amounts needed from each fund to cover their proportionate share of insurance premiums. The City purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

10. 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 \$100,000 for its share of the operational cash shortage incurred by the joint venture for the year ended September 30, 2008.

CITY OF CLAYTON, MISSOURI

Notes To Basic Financial Statements (*Continued*)

A condensed summary of financial information for the joint venture as of and for its fiscal year ended September 30, 2008 is as follows:

Assets	<u>\$ 15,749,833</u>
Liabilities	<u>1,250,541</u>
Net Assets	
Invested in capital assets, net of related debt	14,460,017
Unrestricted	<u>39,275</u>
Total Net Assets	<u><u>\$ 14,499,292</u></u>
Operating revenue	\$ 2,589,684
Operating expenses	3,374,217
Nonoperating revenue	60,172
Capital contributions	<u>307,927</u>
Change in net assets	<u><u>\$ (416,434)</u></u>

11. 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.

Required Supplementary Information

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, 2008

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
General property taxes	\$ 5,204,684	\$ 5,204,684	\$ 5,396,675	\$ 191,991
Licenses and permits	1,273,387	1,318,487	1,644,961	326,474
Public utility licenses	4,810,087	5,679,287	5,697,656	18,369
Intergovernmental	4,016,315	4,080,065	4,189,939	109,874
Community programs	1,223,021	1,223,021	1,281,421	58,400
Fines and forfeitures	897,557	897,557	1,104,800	207,243
Investment income	404,275	404,275	433,063	28,788
Miscellaneous	412,395	412,395	1,207,537	795,142
Total Revenues	18,241,721	19,219,771	20,956,052	1,736,282
Expenditures				
Current:				
General government				
City planning and development	780,033	772,809	736,939	(35,870)
Nondepartmental	664,764	799,672	684,630	(115,042)
Information systems	590,268	589,428	529,027	(60,401)
Communications	357,940	357,724	313,751	(43,973)
Finance	524,628	519,948	521,582	1,634
City manager's office	407,387	404,795	808,395	403,600
Municipal court	180,101	178,409	210,920	32,511
Board of aldermen and city clerk	70,511	70,511	77,026	6,515
City attorney's office	100,000	273,840	267,391	(6,449)
Personnel administration	153,988	153,568	238,031	84,463
Boards and commissions	12,450	12,450	5,730	(6,720)
Building maintenance	351,225	350,385	361,478	11,093
Public safety	8,322,810	8,261,594	8,352,036	90,442
Streets and highways	3,845,867	3,874,659	3,749,283	(125,376)
Parks and recreation	1,867,210	1,858,330	1,835,445	(22,885)
Total Expenditures	18,229,182	18,478,122	18,691,664	213,542
Net Change In Fund Balances	\$ 12,539	\$ 741,649	2,264,388	\$ 1,522,740

Adjustments To Reconcile To GAAP Basis

Encumbrances reserved at September 30, 2008	50,748
Encumbrances reserved at September 30, 2007	(124,339)
	<u>(73,591)</u>

Net Change In Fund Balances - GAAP Basis

2,190,797

Fund Balance - Beginning Of Year

9,676,416

Fund Balance - End Of Year

\$ 11,867,213

CITY OF CLAYTON, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION September 30, 2008

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 and the Redevelopment Forsyth/Hanley Road Fund for the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Expenditures may not exceed appropriations at the department level for the General Fund and at the fund level for all other funds.
- 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, in the General Fund, must be approved by the Board of Aldermen.

Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following funds and departments at September 30, 2008:

<u>Fund</u>	<u>Amount</u>
General:	
Finance	\$ 1,634
City Manager's Office	403,600
Municipal Court	32,511
Board of Aldermen and City Clerk	6,515
Personnel Administration	84,463
Building Maintenance	11,098
Public Safety	90,442
Parking Facilities Fund	248,263

CITY OF CLAYTON, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER'S CONTRIBUTIONS
September 30, 2008**

City of Clayton Non-Uniformed Employees' Retirement Fund

Schedule Of Funding Progress

Actuarial Valuation Dated July 1,	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Excess Of Assets Over AAL	Funded Ratio	Annual Covered Payroll	Excess Of Assets As A Percentage Of Covered Payroll
2008	\$ 10,160,207	\$ 10,124,715	\$ 35,492	100.35%	\$ 4,477,087	0.79%
2007	9,661,919	9,533,677	128,242	101.35%	4,201,226	3.05%
2006	9,049,924	9,035,521	14,403	100.16%	3,966,774	0.36%
2005	8,655,695	8,512,416	143,279	101.68%	3,971,048	3.61%
2004	8,309,122	8,277,529	31,593	100.38%	3,806,509	0.83%
2003	8,054,378	7,356,093	698,285	109.49%	3,676,619	18.99%

Schedule Of Employer's Contributions

For The Plan Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 140,537	\$ —	—
2007	243,153	—	—
2006	111,731	—	—
2005	209,866	—	—
2004	—	62,558	—
2003	54,152	159,349	294%

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, 2008
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%
increases	Lower of annual consumer price

CITY OF CLAYTON, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS AND EMPLOYER'S CONTRIBUTIONS September 30, 2008

City of Clayton Uniformed Employees' Retirement Fund

Schedule Of Funding Progress

Actuarial Valuation Dated January 1,	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL As A Percentage Of Covered Payroll
2008	\$ 27,668,000	\$ 30,173,000	\$ 2,505,000	91.7%	\$ 5,274,000	47.5%
2007	25,274,000	28,928,000	3,654,000	87.4%	5,102,000	71.6%
2006	22,515,000	27,183,000	4,668,000	82.8%	5,171,000	90.3%
2005	21,317,000	26,264,000	4,947,000	81.2%	4,905,000	100.8%
2004	19,197,000	24,962,000	5,766,000	76.9%	4,314,000	133.7%
2003	17,284,000	23,705,000	6,421,000	72.9%	3,933,000	163.2%

Schedule Of Employer's Contributions

For The Plan Years Ended December 31,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	\$ 733,009	\$ 733,009	100.0%
2006	756,282	756,282	100.0%
2005	798,089	798,089	100.0%
2004	819,885	819,885	100.0%
2003	846,500	846,500	100.0%
2002	707,416	707,416	100.0%

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, 2008
Actuarial cost method	Entry age (normal)
Amortization method	Closed
Amortization period	26 years
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3.5%
Post-retirement benefit increases	Lower of annual consumer price index or 2%

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

CITY OF CLAYTON, MISSOURI

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.

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).

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.

Capital Improvement Project Fund – This fund is used to account for improvements to park and recreational facilities and stormwater systems, which are funded by a 0.5% sales tax.

CITY OF CLAYTON, MISSOURI

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.

1999 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.

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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2008

	Special Revenue	Capital Projects	Debt Service	Total
Assets				
Cash and cash equivalents	\$ 105,440	\$ 179,065	\$ 241,951	\$ 526,456
Investments	498,257	565,000	698,049	1,761,306
Accounts receivable	—	44,044	—	44,044
Property taxes receivable	—	—	25,030	25,030
Intergovernmental receivable	—	195,000	—	195,000
Special assessments receivables	—	—	159,470	159,470
Interest receivable	2,249	3,454	7,963	13,666
Cash - restricted	—	20,048	8,765	28,813
Investments - restricted	—	797,153	1,368,989	2,166,142
Total Assets	\$ 605,946	\$ 1,803,764	\$ 2,510,217	\$ 4,919,927
Liabilities And Fund Balances				
Liabilities				
Accounts payable	\$ 42,517	\$ 47,343	\$ 813	\$ 90,673
Accrued liabilities	3,798	—	—	3,798
Deferred revenue	—	—	176,198	176,198
Total Liabilities	46,315	47,343	177,011	270,669
Fund Balances				
Reserved for:				
Encumbrances	—	446	—	446
Debt service	—	817,201	2,333,206	3,150,407
Unreserved:				
Special revenue funds	559,631	—	—	559,631
Capital projects funds	—	938,774	—	938,774
Total Fund Balances	559,631	1,756,421	2,333,206	4,649,258
Total Liabilities And Fund Balances	\$ 605,946	\$ 1,803,764	\$ 2,510,217	\$ 4,919,927

CITY OF CLAYTON, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2008**

	Special Taxing District	Sewer Lateral	Police Forfeiture And P.O.S.T.	Redevelopment Forsyth/Hanley Road	Total
Assets					
Cash and cash equivalents	\$ 7,900	\$ 15,417	\$ 82,123	\$ —	\$ 105,440
Investments	248,257	250,000	—	—	498,257
Interest receivable	530	1,719	—	—	2,249
Total Assets	\$ 256,687	\$ 267,136	\$ 82,123	\$ —	\$ 605,946
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 21,906	\$ 11,950	\$ 8,661	\$ —	\$ 42,517
Accrued liabilities	3,798	—	—	—	3,798
Total Liabilities	25,704	11,950	8,661	—	46,315
Fund Balances					
Unreserved:					
Special Revenue Funds	230,983	255,186	73,462	—	559,631
Total Liabilities And Fund Balances	\$ 256,687	\$ 267,136	\$ 82,123	\$ —	\$ 605,946

CITY OF CLAYTON, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2008**

	Capital Improvement Project Fund	2002 Capital Project Bond Fund	Total
Assets			
Cash and cash equivalents	\$ 179,065	\$ —	\$ 179,065
Investments	565,000	—	565,000
Accounts receivable	44,044	—	44,044
Intergovernmental receivable	195,000	—	195,000
Interest receivable	3,454	—	3,454
Cash - restricted	—	20,048	20,048
Investments - restricted	—	797,153	797,153
Total Assets	\$ 986,563	\$ 817,201	\$ 1,803,764
Liabilities And Fund Balances			
Liabilities			
Accounts payable	\$ 47,343	\$ —	\$ 47,343
Fund Balances			
Reserved for:			
Encumbrances	446	—	446
Debt service	—	817,201	817,201
Unreserved:			
Capital Projects Funds	938,774	—	938,774
Total Fund Balances	939,220	817,201	1,756,421
Total Liabilities And Fund Balances	\$ 986,563	\$ 817,201	\$ 1,803,764

CITY OF CLAYTON, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
September 30, 2008**

	1999 Bond Issue	2005 Bond Debt Service	Total
Assets			
Cash and cash equivalents	\$ 81,269	\$ 160,682	\$ 241,951
Investments	698,049	—	698,049
Property taxes receivable	25,030	—	25,030
Special assessment receivable	—	159,470	159,470
Interest receivable	—	7,963	7,963
Cash - restricted	—	8,765	8,765
Investments - restricted	—	1,368,989	1,368,989
Total Assets	\$ 804,348	\$ 1,705,869	\$ 2,510,217
Liabilities And Fund Balances			
Liabilities			
Accounts payable	\$ —	\$ 813	\$ 813
Deferred revenue	16,728	159,470	176,198
Total Liabilities	16,728	160,283	177,011
Fund Balances			
Reserved for:			
Debt service	787,620	1,545,586	2,333,206
Total Liabilities And Fund Balances	\$ 804,348	\$ 1,705,869	\$ 2,510,217

CITY OF CLAYTON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended September 30, 2008

	Special Revenue	Capital Projects	Debt Service Fund	Total
Revenues				
General property taxes	\$ 192,632	\$ —	\$ 1,103,765	\$ 1,296,397
Assessment income	101,250	—	22,530	123,780
Intergovernmental	—	1,514,958	—	1,514,958
Fines and forfeitures	84,798	—	—	84,798
Investment income	15,334	62,380	71,768	149,482
Miscellaneous	62,377	28,022	—	90,399
Total Revenues	456,391	1,605,360	1,198,063	3,259,814
Expenditures				
Current:				
General government	—	—	1,463	1,463
Public safety	9,503	—	—	9,503
Community development	173,316	—	—	173,316
Capital outlay	71,807	510,679	—	582,486
Debt service:				
Principal	—	7,375,000	1,585,000	8,960,000
Interest and fiscal charges	—	279,027	615,885	894,912
Bond issuance costs	—	76,239	—	76,239
Total Expenditures	254,626	8,240,945	2,202,348	10,697,919
Revenues Over (Under) Expenditures	201,765	(6,635,585)	(1,004,285)	(7,438,105)
Other Financing Sources (Uses)				
Transfers in	—	789,163	1,020,000	1,809,163
Transfers out	—	(1,085,889)	—	(1,085,889)
Issuance of refunding debt	—	8,175,000	—	8,175,000
Premium on issuance of debt	—	73,266	—	73,266
Total Other Financing Sources (Uses)	—	7,951,540	1,020,000	8,971,540
Net Change In Fund Balances	201,765	1,315,955	15,715	1,533,435
Fund Balances				
Beginning of year	357,866	440,466	2,317,491	3,115,823
End of year	\$ 559,631	\$ 1,756,421	\$ 2,333,206	\$ 4,649,258

CITY OF CLAYTON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended September 30, 2008

		Special Taxing District	Sewer Lateral	Police Forfeiture And P.O.S.T.	Redevelopment Forsyth/Hanley Road	Total
Revenues						
General property taxes	\$	192,632	\$ —	\$ —	\$ —	\$ 192,632
Assessment income		—	101,250	—	—	101,250
Fines and forfeitures		—	—	84,798	—	84,798
Investment income		6,896	8,203	235	—	15,334
Miscellaneous		—	—	—	62,377	62,377
Total Revenues		199,528	109,453	85,033	62,377	456,391
Expenditures						
Current:						
Public safety		—	—	9,503	—	9,503
Community development		162,706	—	—	10,610	173,316
Capital outlay		—	71,807	—	—	71,807
Total Expenditures		162,706	71,807	9,503	10,610	254,626
Net Change In Fund Balances		36,822	37,646	75,530	51,767	201,765
Fund Balances						
Beginning of year		194,161	217,540	(2,068)	(51,767)	357,866
End of year	\$	230,983	\$ 255,186	\$ 73,462	\$ —	\$ 559,631

CITY OF CLAYTON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS For The Year Ended September 30, 2008

	Capital Improvement Project Fund	2002 Capital Project Bond Fund	Total
Revenues			
Intergovernmental	\$ 1,514,958	\$ —	\$ 1,514,958
Investment income	13,342	49,038	62,380
Miscellaneous	28,022	—	28,022
Total Revenues	1,556,322	49,038	1,605,360
Expenditures			
Capital outlay	510,679	—	510,679
Debt service:			
Principal	—	7,375,000	7,375,000
Interest and fiscal charges	—	279,027	279,027
Bond issuance costs	—	76,239	76,239
Total Expenditures	510,679	7,730,266	8,240,945
Revenues Over (Under) Expenditures	1,045,643	(7,681,228)	(6,635,585)
Other Financing Sources (Uses)			
Transfers in	539,000	250,163	789,163
Transfers out	(1,085,889)	—	(1,085,889)
Issuance of refunding debt	—	8,175,000	8,175,000
Premium on issuance of debt	—	73,266	73,266
Total Other Financing Sources (Uses)	(546,889)	8,498,429	7,951,540
Net Change In Fund Balances	498,754	817,201	1,315,955
Fund Balances			
Beginning of year	440,466	—	440,466
End of year	\$ 939,220	\$ 817,201	\$ 1,756,421

CITY OF CLAYTON, MISSOURI

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR DEBT SERVICE FUNDS For The Year Ended September 30, 2008

	1999 Bond Issue	2005 Bond Debt Service	Total
Revenues			
General property taxes	\$ 1,103,765	\$ —	\$ 1,103,765
Assessment income	—	22,530	22,530
Investment income	19,868	51,900	71,768
Total Revenues	1,123,633	74,430	1,198,063
Expenditures			
Current:			
General government	—	1,463	1,463
Debt service:			
Principal	875,000	710,000	1,585,000
Interest and fiscal charges	229,832	386,053	615,885
Total Expenditures	1,104,832	1,097,516	2,202,348
Revenues Over (Under) Expenditures	18,801	(1,023,086)	(1,004,285)
Other Financing Sources			
Transfers in	—	1,020,000	1,020,000
Net Change In Fund Balances	18,801	(3,086)	15,715
Fund Balances			
Beginning of year	768,819	1,548,672	2,317,491
End of year	\$ 787,620	\$ 1,545,586	\$ 2,333,206

CITY OF CLAYTON, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL TAXING
DISTRICT SPECIAL REVENUE FUND – BUDGET BASIS
For The Year Ended September 30, 2008**

	Final Budget	Actual	Over (Under) Budget
Revenues			
General property taxes	\$ 183,500	\$ 192,632	\$ 9,132
Investment income	9,563	6,896	(2,667)
Total Revenues	193,063	199,528	6,465
Expenditures			
Community development	188,464	162,706	(25,758)
Net Change In Fund Balances	\$ 4,599	36,822	\$ 32,223
Fund Balances			
Beginning of year		194,161	
End of year		\$ 230,983	

CITY OF CLAYTON, MISSOURI

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, 2008

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
Revenues			
Assessment income	\$ 97,000	\$ 101,250	\$ 4,250
Investment income	9,000	8,203	(797)
Total Revenues	<u>106,000</u>	<u>109,453</u>	<u>3,453</u>
Expenditures			
Capital outlay	<u>100,000</u>	<u>71,807</u>	<u>(28,193)</u>
Net Change in Fund Balance	<u>\$ 6,000</u>	<u>37,646</u>	<u>\$ 31,646</u>
Fund Balances			
Beginning of year		<u>217,540</u>	
End of year		<u>\$ 255,186</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, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
Intergovernmental	\$ 1,315,000	\$ 1,514,958	\$ 199,958
Investment income	—	13,342	13,342
Miscellaneous	34,000	28,022	(5,978)
Total Revenues	1,349,000	1,556,322	207,322
Expenditures			
Capital outlay	652,509	510,970	(141,539)
Revenues Over Expenditures	696,491	1,045,352	348,861
Other Financing Sources (Uses)			
Transfers in	539,000	539,000	—
Transfers out	(1,211,438)	(1,085,889)	(125,549)
Total Other Financing Sources (Uses)	(672,438)	(546,889)	(125,549)
Net Change In Fund Balances	\$ 24,053	498,463	\$ 474,410
Adjustments To Reconcile To GAAP Basis			
Encumbrances reserved at September 30, 2008		446	
Encumbrances reserved at September 30, 2007		(155)	
		<u>291</u>	
Net Change In Fund Balance - GAAP Basis		498,754	
Fund Balances			
Beginning of year		<u>440,466</u>	
End of year		<u>\$ 939,220</u>	

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, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
Investment income	\$ 24,282	\$ 49,038	\$ 24,756
Expenditures			
Debt service:			
Principal	7,375,000	7,375,000	—
Interest and fiscal charges	370,760	279,027	(91,733)
Bond issuance costs	106,486	76,239	(30,247)
Total Expenditures	7,852,246	7,730,266	(121,980)
Revenues Under Expenditures	(7,827,964)	(7,681,228)	(146,736)
Other Financing Sources			
Transfers in	506,464	250,163	(256,301)
Issuance of refunding debt	8,135,000	8,175,000	40,000
Premium on issuance of debt	—	73,266	73,266
Total Other Financing Sources	8,641,464	8,498,429	(143,035)
Net Change In Fund Balances	\$ 813,500	817,201	\$ 3,701
Fund Balances			
Beginning of year		—	
End of year		\$ 817,201	

CITY OF CLAYTON, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – 1999 BOND ISSUE DEBT SERVICE FUND – BUDGET BASIS For The Year Ended September 30, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
General property taxes	\$ 1,072,000	\$ 1,103,765	\$ 31,765
Investment income	29,750	19,868	(9,882)
Total Revenues	1,101,750	1,123,633	21,883
Expenditures			
Debt service:			
Principal	875,000	875,000	—
Interest and fiscal charges	230,332	229,832	(500)
Total Expenditures	1,105,332	1,104,832	(500)
Net Change In Fund Balances	\$ (3,582)	18,801	\$ 22,383
Fund Balances			
Beginning of year		<u>768,819</u>	
End of year		<u>\$ 787,620</u>	

CITY OF CLAYTON, MISSOURI

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, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
Assessment income	\$ 18,587	\$ 22,530	\$ 3,943
Investment income	35,000	51,900	16,900
Total Revenues	53,587	74,430	20,843
Expenditures			
Current:			
General government	2,000	1,463	(537)
Debt service:			
Principal	710,000	710,000	—
Interest and fiscal charges	386,053	386,053	—
Total Expenditures	1,098,053	1,097,516	(537)
Revenues Under Expenditures	(1,044,466)	(1,023,086)	(21,380)
Other Financing Sources			
Transfers in	1,015,000	1,020,000	5,000
Net Change In Fund Balances	\$ (29,466)	(3,086)	\$ (26,380)
Fund Balances			
Beginning of year		1,548,672	
End of year		\$ 1,545,586	

CITY OF CLAYTON, MISSOURI

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, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
Assessment income	\$ 37,800	\$ 53,356	\$ 15,556
Public utility licenses	5,000	3,620	(1,380)
Intergovernmental	3,163,634	2,785,971	(377,663)
Investment income	38,590	96,344	57,754
Miscellaneous	97,000	50,484	(46,516)
Total Revenues	3,342,024	2,989,775	(352,249)
Expenditures			
Capital outlay	3,118,674	2,477,903	(640,771)
Revenues Over Expenditures	223,350	511,872	288,522
Other Financing Sources (Uses)			
Transfers in	115,000	115,000	—
Transfers out	(519,630)	(463,190)	(56,440)
Total Other Financing Sources (Uses)	(404,630)	(348,190)	(56,440)
Net Change In Fund Balances	\$ (181,280)	163,682	\$ 232,082
Adjustments To Reconcile To GAAP Basis			
Encumbrances reserved at September 30, 2008		1,074,715	
Encumbrances reserved at September 30, 2007		(55,333)	
		<u>1,019,382</u>	
Net Changes In Fund Balance - GAAP Basis		1,183,064	
Fund Balances			
Beginning of year		<u>2,249,824</u>	
End of year		<u>\$ 3,432,888</u>	

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, 2008

	Final Budget	Actual	Over (Under) Budget
Revenues			
Investment income	\$ 106,250	\$ 92,491	\$ (13,759)
Miscellaneous	—	1,086	1,086
Total Revenues	106,250	93,577	(12,673)
Expenditures			
Capital outlay	711,239	620,605	(90,634)
Revenues Under Expenditures	(604,989)	(527,028)	(77,961)
Other Financing Sources (Uses)			
Transfers in	369,653	378,916	9,263
Sale of capital assets	85,804	36,783	(49,021)
Total Other Financing Sources (Uses)	455,457	415,699	(39,758)
Net Change In Fund Balances	<u>\$ (149,532)</u>	<u>(111,329)</u>	<u>\$ (38,203)</u>
Adjustments To Reconcile To GAAP Basis			
Encumbrances reserved at September 30, 2008		76,455	
Encumbrances reserved at September 30, 2007		<u>(250)</u>	
		<u>76,205</u>	
Net Change In Fund Balances - GAAP Basis		(35,124)	
Fund Balances			
Beginning of year		<u>2,662,994</u>	
End of year		<u>\$ 2,627,870</u>	

CITY OF CLAYTON, MISSOURI

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 – BUDGET BASIS For The Year Ended September 30, 2008

	Final Budget	Actual	Over (Under) Budget
Operating Revenues			
St. Louis parking systems	\$ 376,800	\$ 402,336	\$ 25,536
Parking lot revenue	131,944	112,699	(19,245)
Parking meter revenue	852,000	905,768	53,768
Total Operating Revenues	1,360,744	1,420,803	60,059
Operating Expenses			
Personnel services	264,522	268,023	3,501
Contractual services	499,983	409,942	(90,041)
Commodities	27,835	28,174	339
Depreciation	—	334,944	334,944
Insurance and fringe benefits	40,000	39,520	(480)
Total Operating Expenses	832,340	1,080,603	248,263
Operating Income (Loss)	528,404	340,200	(188,204)
Nonoperating Revenue (Expense)			
Investment income	412,250	427,878	15,628
Interest expense	(103,790)	(127,884)	24,094
Total Nonoperating Revenue (Expense)	308,460	299,994	(8,466)
Income (Loss) Before Transfers	836,864	640,194	(196,670)
Transfers			
Transfers out	(754,000)	(754,000)	—
Change In Net Assets	\$ 82,864	(113,806)	\$ (196,670)
Adjustment To Reconcile To GAAP Basis			
Encumbrances reserved at September 30, 2008		1,620	
Encumbrances reserved at September 30, 2007		(3,251)	
		<u>(1,631)</u>	
Change In Net Assets - GAAP Basis		(115,437)	
Net Assets			
Beginning of year		<u>20,007,102</u>	
End of year		<u>\$ 19,891,665</u>	

CITY OF CLAYTON, MISSOURI

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – BUDGET AND ACTUAL – INTERNAL SERVICE FUND – BUDGET BASIS For The Year Ended September 30, 2008

	<u>Final</u>	<u>Actual</u>	<u>Over</u>
	<u>Budget</u>		<u>(Under)</u>
			<u>Budget</u>
Operating Revenues			
Participant contributions	\$ 216,220	\$ 216,335	\$ 115
Employer contributions	1,643,563	1,658,827	15,264
Total Operating Revenues	1,859,783	1,875,162	15,379
Operating Expenses			
Contractual services	1,986,509	1,867,847	(118,662)
Operating Income (Loss)	(126,726)	7,315	134,041
Nonoperating Revenue			
Investment income	12,750	14,552	1,802
Miscellaneous income	10,000	8,579	(1,421)
Total Nonoperating Revenue	22,750	23,131	381
Change In Net Assets	\$ (103,976)	30,446	\$ 134,422
Adjustment To Reconcile To GAAP Basis			
Encumbrances reserved at September 30, 2007		(480)	
Change In Net Assets - GAAP Basis		29,966	
Net Assets			
Beginning of year		624,683	
End of year		\$ 654,649	

CITY OF CLAYTON, MISSOURI

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, 2008

	City Of Clayton Non- Uniformed Employees' Retirement Fund	City Of Clayton Uniformed Employees' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 18,592	\$ 772,420	\$ 791,012
Investments:			
U.S. government and agency securities	—	4,252,174	4,252,174
Foreign bonds	—	250,341	250,341
Common stocks	—	1,980,775	1,980,775
Corporate bonds	—	3,542,093	3,542,093
Taxable municipal obligations	—	617,547	617,547
Mutual funds	8,169,300	9,637,856	17,807,156
Property funds	1,010,717	2,760,912	3,771,629
Interest receivable	11,492	83,620	95,112
Net Assets			
Held in trust for pension benefits	\$ 9,210,101	\$ 23,897,738	\$ 33,107,839

CITY OF CLAYTON, MISSOURI

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – PENSION TRUST FUNDS For The Year Ended September 30, 2008

	City Of Clayton Non- Uniformed Employees' Retirement Fund	City Of Clayton Uniformed Employees' Pension Fund	Total
Additions			
Contributions:			
Participant contributions	\$ —	\$ 227,153	\$ 227,153
Employer contributions	—	733,009	733,009
Total Contributions	—	960,162	960,162
Investment Loss:			
Net depreciation in fair value of investments and interest and dividends	(938,158)	(3,426,005)	(4,364,163)
Investment expense	(47,941)	(141,779)	(189,720)
Total Investment Loss	(986,099)	(3,567,784)	(4,553,883)
Total Additions	(986,099)	(2,607,622)	(3,593,721)
Deductions			
Benefits	263,105	1,062,100	1,325,205
Change In Net Assets	(1,249,204)	(3,669,722)	(4,918,926)
Net Assets Held In Trust For Pension Benefits, Beginning Of Year	10,459,305	27,567,460	38,026,765
Net Assets Held In Trust For Pension Benefits, End Of Year	\$ 9,210,101	\$ 23,897,738	\$ 33,107,839

CITY OF CLAYTON, MISSOURI

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS - BUDGET AND ACTUAL – CITY OF CLAYTON NON-UNIFORMED EMPLOYEES’ RETIREMENT PENSION TRUST FUND

For The Year Ended September 30, 2008

	Final Budget	Actual	Over (Under) Budget
Additions			
Investment Income (Loss):			
Net appreciation (depreciation) in fair value of investments and interest and dividends	\$ 698,100	\$ (938,158)	\$ (1,636,258)
Investment expense	(40,400)	(47,941)	7,541
Total Additions	657,700	(986,099)	(1,643,799)
Deductions			
Benefits	267,500	263,105	(4,395)
Change In Net Assets	\$ 390,200	(1,249,204)	\$ (1,639,404)
Net Assets Held In Trust For Pension			
Benefits - Beginning Of Year		10,459,305	
Net Assets Held In Trust For Pension		\$ 9,210,101	

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, 2008**

	Final Budget	Actual	Over (Under) Budget
Additions			
Contributions:			
Participant contributions	\$ 225,000	\$ 227,153	\$ 2,153
Employer contributions	733,009	733,009	—
Total Contributions	958,009	960,162	2,153
Investment Income (Loss):			
Net appreciation (depreciation) in fair value of investments and interest and dividends	1,845,500	(3,426,005)	(5,271,505)
Investment expense	(140,000)	(141,779)	(1,779)
Net Investment Income (Loss)	1,705,500	(3,567,784)	(5,273,284)
Total Additions	2,663,509	(2,607,622)	(5,271,131)
Deductions			
Benefits	960,000	1,062,100	102,100
Change In Net Assets	\$ 1,703,509	(3,669,722)	\$ (5,373,231)
Net Assets Held In Trust For Pension			
Benefits - Beginning Of Year		27,567,460	
Net Assets Held In Trust For Pension			
Benefits - End Of Year		\$ 23,897,738	

STATISTICAL SECTION

CITY OF CLAYTON, MISSOURI

STATISTICAL SECTION (Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends - These five (5) schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity - These four (4) schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity - These five (5) schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic And Economic Information - These two (2) schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information - These three (3) schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CLAYTON, MISSOURI

NET ASSETS BY COMPONENT LAST SIX FISCAL YEARS

Functions/Programs	September 30,					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ 3,385,887	\$ 5,755,970	\$ 6,595,418	\$ 8,732,202	\$ 11,295,023	\$ 12,335,368
Restricted	7,061,365	7,167,871	2,512,962	2,613,411	2,729,192	2,819,375
Unrestricted	10,606,559	10,849,389	14,478,948	14,090,912	15,591,402	19,948,353
Total governmental activities net assets	\$ 21,053,811	\$ 23,773,230	\$ 23,587,328	\$ 25,436,525	\$ 29,615,617	\$ 35,103,096
Business-type activities:						
Invested in capital assets, net of related debt	\$ 9,825,160	\$ 10,256,621	\$ 11,540,026	\$ 9,545,577	\$ 9,415,507	\$ 9,404,409
Restricted	363,211	364,327	283,450	280,174	285,195	204,000
Unrestricted	7,055,289	7,316,261	6,211,445	10,127,036	10,306,400	10,283,256
Total business-type activities net assets	\$ 17,243,660	\$ 17,937,209	\$ 18,034,921	\$ 19,952,787	\$ 20,007,102	\$ 19,891,665
Primary government:						
Invested in capital assets, net of related debt	\$ 13,211,047	\$ 16,012,591	\$ 18,135,444	\$ 18,277,779	\$ 20,710,530	\$ 21,739,777
Restricted	7,424,576	7,532,198	2,796,412	2,893,585	3,014,387	3,023,375
Unrestricted	17,661,848	18,165,650	20,690,393	24,217,948	25,897,802	30,231,609
Total primary government net assets	\$ 38,297,471	\$ 41,710,439	\$ 41,622,249	\$ 45,389,312	\$ 49,622,719	\$ 54,994,761

Notes:

GASB Statement 34 was implemented in 2003.

Source: Basic financial statements

CITY OF CLAYTON, MISSOURI

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS

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	For The Years Ended September 30,					
	2003	2004	2005	2006	2007	2008
Primary Government Expenses						
Governmental activities:						
General government	\$ 3,185,066	\$ 2,875,742	\$ 4,706,827	\$ 4,253,478	\$ 4,585,667	\$ 5,286,324
Public safety	7,655,085	8,243,416	8,198,773	8,660,970	8,246,154	8,495,262
Streets and highways	4,158,084	4,856,137	4,530,110	4,530,039	5,919,304	5,411,338
Parks and recreation	2,014,876	2,279,115	2,211,655	2,865,602	1,975,986	2,079,965
Community development	130,408	100,657	528,627	975,774	220,788	173,316
Interest on long-term debt	1,211,293	1,218,464	861,255	989,693	910,350	963,747
Total governmental expenses	18,354,812	19,573,531	21,037,247	22,275,556	21,858,249	22,409,952
Business-type activities:						
Parking facility	1,042,756	1,092,781	1,247,961	1,274,489	1,155,318	1,210,118
Total Primary Government Expenses						
Expenses	19,397,568	20,666,312	22,285,208	23,550,045	23,013,567	23,620,070
Primary Government Program Revenues						
Governmental activities:						
Charges for services:						
General government	777,873	621,820	595,618	666,138	735,781	867,722
Public safety	1,230,252	1,334,618	1,381,324	931,486	1,141,418	1,286,279
Streets and highways	154,909	622,814	238,677	246,210	277,604	187,215
Parks and recreation	491,455	548,968	611,660	672,161	739,568	824,989
Community development	301,011	802,980	824,766	1,309,048	1,331,109	1,398,448
Operating grants and contributions	1,340,611	2,078,952	1,680,413	924,132	1,232,687	1,270,321
Capital grants and contribution	120,433	—	—	—	287,100	569,600
Total governmental activities program revenues	4,416,544	6,010,152	5,332,458	4,749,175	5,745,267	6,404,574
Business-type activities:						
Charges for services:						
Parking facility	1,721,204	1,711,194	1,595,313	1,486,560	1,416,686	1,420,803
Total Primary Government Program Revenues						
Program Revenues	6,137,748	7,721,346	6,927,771	6,235,735	7,161,953	7,825,377
Net Revenue (Expense)						
Governmental activities	(13,938,268)	(13,563,379)	(15,704,789)	(17,526,381)	(16,112,982)	(16,005,378)
Business-type activities	678,448	618,413	347,352	212,071	261,368	210,685
Total Primary Government Net Expense						
Net Expense	\$ (13,259,820)	\$ (12,944,966)	\$ (15,357,437)	\$ (17,314,310)	\$ (15,851,614)	\$ (15,794,693)

CITY OF CLAYTON, MISSOURI

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS

Page 2 Of 2

	For The Years Ended September 30,					
	2003	2004	2005	2006	2007	2008
General Revenues And Other						
Changes In Net Assets						
Governmental Activities:						
Taxes:						
Property	\$ 4,496,193	\$ 4,648,009	\$ 4,707,073	\$ 6,135,030	\$ 6,332,125	\$ 6,643,277
Sales	5,640,949	5,563,404	5,706,839	5,934,900	6,226,794	6,043,834
Utility	3,803,453	4,361,026	4,553,878	4,890,845	4,758,606	5,701,276
Other	104,854	100,534	100,613	554,595	565,780	556,272
Licenses (taxes)	493,240	492,858	—	—	—	—
Investment income	442,863	349,778	329,421	665,054	884,333	771,380
Contribution*	800,000	—	—	—	—	—
Gain (loss) on sale of capital assets	(98,720)	—	—	70,222	—	—
Miscellaneous	297,353	205,002	284,031	220,455	400,027	1,022,818
Transfers	145,374	139,849	390,576	904,477	1,124,409	754,000
Total governmental activities revenues and transfers	16,125,559	15,860,460	16,072,431	19,375,578	20,292,074	21,492,857
Business-type activities:						
Investment income	242,034	214,985	140,936	367,140	586,580	427,878
Gain on sale of capital assets	—	—	—	2,243,132	330,776	—
Miscellaneous	658	—	—	—	—	—
Transfers	(145,374)	(139,849)	(390,576)	(904,477)	(1,124,409)	(754,000)
Total business-type activities revenues and transfers	97,318	75,136	(249,640)	1,705,795	(207,053)	(326,122)
Total General Revenues And Other Changes In Net Assets						
	\$ 16,222,877	\$ 15,935,596	\$ 15,822,791	\$ 21,081,373	\$ 20,085,021	\$ 21,166,735
Changes In Net Assets						
Governmental activities	\$ 2,187,291	\$ 2,297,081	\$ 367,642	\$ 1,849,197	\$ 4,179,092	\$ 5,487,479
Business-type activities	775,766	693,549	97,712	1,917,866	54,315	(115,437)
Total Changes In Net Assets	\$ 2,963,057	\$ 2,990,630	\$ 465,354	\$ 3,767,063	\$ 4,233,407	\$ 5,372,042

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 SIX FISCAL YEARS

	September 30,					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 78,453	\$ 18,654	\$ 4,000	\$ 4,095	\$ 124,339	\$ 50,748
Unreserved	7,489,726	7,390,863	7,084,601	8,324,588	9,552,077	11,816,465
Total General Fund	\$ 7,568,179	\$ 7,409,517	\$ 7,088,601	\$ 8,328,683	\$ 9,676,416	\$ 11,867,213
All Other Governmental Funds						
Reserved:						
Revolving Public Improvement Fund	\$ 865,807	\$ 1,294,260	\$ —	\$ —	\$ —	\$ 1,074,715
Capital Improvement Project Fund	22,121	—	52	—	—	—
Equipment Replacements Fund	—	2,904	5,940	243,051	250	76,455
1997-98 Bond Debt Service Fund	207,345	—	—	—	—	—
Other Governmental Funds	2,172,239	2,332,455	2,260,337	2,282,433	2,317,646	2,333,652
Unreserved, reported in:						
Revolving Public Improvement Fund	3,530,868	2,167,752	2,469,123	1,801,767	2,249,824	2,358,173
Capital Improvement Project Fund	(5,202)	—	—	—	—	—
Equipment Replacements Fund	2,770,853	3,051,034	2,994,069	2,406,124	2,662,744	2,551,415
Other Governmental Funds:						
Special Revenue Fund	332,104	345,430	400,612	318,166	357,866	559,631
Capital Projects Funds	2,119,083	281,879	775,873	329,158	440,311	1,755,975
Total All Other Governmental Funds	\$ 12,015,218	\$ 9,475,714	\$ 8,906,006	\$ 7,380,699	\$ 8,028,641	\$ 10,710,016

Notes:

GASB Statement 34 was implemented in 2003.

Source: Basic financial statements

CITY OF CLAYTON, MISSOURI

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS LAST SIX FISCAL YEARS

	For The Years Ended September 30,					
	2003	2004	2005	2006	2007	2008
Revenues						
General property taxes	\$ 4,531,961	\$ 4,664,838	\$ 4,716,717	\$ 6,086,868	\$ 6,310,263	\$ 6,693,072
Assessment income	150,325	652,862	414,771	186,253	185,843	177,136
Licenses and permits	1,339,456	1,135,051	1,207,727	1,362,041	1,415,552	1,644,961
Public utility licenses	3,803,453	4,361,026	4,553,878	4,890,845	4,758,606	5,701,276
Intergovernmental	7,283,761	7,909,370	7,519,596	7,520,816	8,387,313	8,490,868
Community programs	972,018	960,036	1,000,188	1,112,109	1,249,216	1,281,421
Fines and forfeitures	684,168	764,265	756,907	777,766	929,316	1,189,598
Investment income	429,380	348,425	329,421	665,054	884,333	771,380
Miscellaneous	659,422	457,995	583,531	596,398	825,518	1,349,506
Total Revenues	19,853,944	21,253,868	21,082,736	23,198,150	24,945,960	27,299,218
Expenditures						
General government	3,009,861	3,110,409	3,986,435	3,914,379	4,070,285	4,752,688
Public safety	7,137,008	7,838,638	7,930,225	7,921,971	8,119,616	8,362,366
Streets and highways	2,907,164	2,999,624	3,256,194	3,405,316	3,754,718	3,822,033
Parks and recreation	1,698,757	1,799,563	1,600,093	1,657,278	1,759,570	1,839,134
Community development	111,793	108,161	191,357	254,375	220,788	173,316
Capital outlay	10,224,954	5,745,639	3,106,040	3,930,973	2,918,374	2,585,407
Debt service:						
Principal	1,220,000	1,450,000	2,040,000	2,465,000	2,395,000	8,960,000
Interest and fiscal charges	1,133,151	1,231,434	892,930	962,248	882,260	894,912
Bond issuance costs	11,166	—	139,036	—	—	76,239
Total Expenditures	27,453,854	24,283,468	23,142,310	24,511,540	24,120,611	31,466,095
Excess Of Expenditures Over Revenues	(7,599,910)	(3,029,600)	(2,059,574)	(1,313,390)	825,349	(4,166,877)
Other Financing Sources (Uses)						
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	45,917	36,783
Issuance of refunding debt	—	—	12,165,000	—	—	8,175,000
Premium on issuance of debt	—	—	—	—	—	73,266
Payments to refunding escrow agent	—	—	(11,411,136)	—	—	—
Transfers in	10,149,648	4,570,241	3,852,528	3,488,397	4,796,573	2,303,079
Transfers out	(10,004,274)	(4,430,392)	(3,461,952)	(2,583,920)	(3,672,164)	(1,549,079)
Total Other Financing Sources (Uses)	11,013,073	171,114	1,168,950	1,028,165	1,170,326	9,039,049
Net Change In Fund Balances	\$ 3,413,163	\$ (2,858,486)	\$ (890,624)	\$ (285,225)	\$ 1,995,675	\$ 4,872,172
Debt service as a percentage of noncapital expenditures	13.72%	14.46%	15.33%	16.65%	15.46%	34.39%

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					
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
2007	367,607	307,107	86,612	2,820	764,147	3,163,050	0.779
2008	459,370	346,326	84,556	2,881	893,133	3,762,594	0.691

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Taxes levied on all property in the City of Clayton										
City of Clayton	\$ 0.880	\$ 0.755	\$ 0.755	\$ 0.644	\$ 0.656	\$ 0.652	\$ 0.652	\$ 0.796	\$ 0.779	\$ 0.691
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	0.730	0.708	0.708	0.698
Special School District	0.640	0.620	0.623	0.835	0.849	0.833	0.905	0.840	0.824	0.908
St. Louis Community College	0.240	0.240	0.240	0.230	0.232	0.231	0.237	0.223	0.223	0.200
Metropolitan St. Louis Sewer District (Extension)	0.070	0.070	0.070	0.069	0.069	0.069	0.069	0.069	0.069	0.067
Metropolitan Zoological Park and Museum District	0.233	0.233	0.234	0.222	0.222	0.226	0.276	0.265	0.261	0.233
Sheltered Workshop	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.082	0.082	0.070
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
	3.018	2.873	2.877	2.955	2.983	2.966	3.104	3.133	3.096	3.017
School District (1):										
Clayton School District	3.650	3.410	3.300	2.938	2.945	3.622	3.769	3.925	3.716	3.254
Total	\$ 6.668	\$ 6.283	\$ 6.177	\$ 5.893	\$ 5.928	\$ 6.588	\$ 6.873	\$ 7.058	\$ 6.812	\$ 6.271

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	2008			1999		
	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.	\$ 28,504,000	1	3.19%	\$ 21,841,820	1	4.48%
KBS Clayton Plaza LLC	22,497,600	2	2.52%			
Pierre Laclede LLC	22,438,620	3	2.51%	17,285,570	2	3.55%
Duke Realty LTD Partnership	15,040,000	4	1.68%			
Riggs & Company Trustee	12,980,800	5	1.45%			
HEF 1 - StL No. 1 LLC	11,520,000	6	1.29%	10,051,820	4	2.06%
The Realty Associates Funds V	10,944,000	7	1.23%			
8182 Maryland Associates	10,138,530	8	1.14%	8,432,930	6	1.73%
The Realty Associates Funds VI and VII	9,600,000	9	1.07%			
COP Investment Group LLC	8,550,090	10	0.96%			
EOP Clayton LLC				11,543,780	3	2.37%
The Crawford Group				9,872,780	5	2.03%
The Brown Group				6,270,140	7	1.29%
TCEP II Properties				6,113,920	8	1.25%
CB Bemiston Tower, Inc.				5,854,850	9	1.20%
WHTCS Real Estate LTD Part.				5,120,000	10	1.05%
Total	<u>\$ 152,213,640</u>		<u>17.04%</u>	<u>\$ 102,387,610</u>		<u>21.01%</u>

Notes:

(1) Total assessed value of the City was \$893,133,344 as of January 1, 2007.

(2) Total assessed value of the City was \$487,436,614 as of January 1, 1998.

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 Of The Levy		Collections In Subsequent Years	Total Collections To Date (3)	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
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	(148,346)	4,616,188	95.5
2007	6,206,413	6,123,300	98.7	114,431	6,237,731	100.5
2008	6,566,784	6,458,568	98.4	—	6,458,568	99.4

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					Total Primary Government	Percentage Of Personal Income (2)	Per Capita (2)
	Net			Net				Net							
	Capital Improvement Bonds	Reserve For Debt Service	Capital Improvement Bond Debt	Note Payable	General Obligation Bonds	Capital Leases	Capital Improvement Bonds	Reserve For Debt Service	Capital Improvement Bond Debt	Note Payable					
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 (3)	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 (4)	21,230	(1,173)	20,057	—	7,410	12	2,655	(426)	2,229	2,091	31,799	3.11	1,995		
2006	19,575	(1,304)	18,271	—	6,600	8	2,430	(280)	2,150	1,971	29,000	2.84	1,820		
2007	18,020	(1,331)	16,689	—	5,760	4	2,240	(285)	1,955	1,846	26,254	2.57	1,648		
2008 (5)	18,110	(1,378)	16,732	—	4,885	—	2,040	(204)	1,836	1,716	25,169	2.46	1,579		

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 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.
- (4) In fiscal year 2005, capital improvement bonds of \$14,820,000 were issued to refund the capital improvement bonds issued in fiscal year 1998.
- (5) In fiscal year 2008, capital improvement bonds of \$8,175,000 were issued to refund \$7,375,000 of the Series 2002 capital improvement bonds.

Source: Basic financial statements

CITY OF CLAYTON, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS (Dollars In Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonds (1)	Percentage Of Actual Taxable Value of Property (2)	Per Capita (3)
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
2007	5,760	0.75	361
2008	4,885	0.55	307

Notes:

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

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

CITY OF CLAYTON, MISSOURI

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	\$ 66,710	3.6	\$ 2,402
Clayton School District	21,963	84.8	18,625
Subtotal	88,673		21,026
City of Clayton	4,885	100.0	4,885
Total	<u>\$ 93,558</u>		<u>\$ 25,911</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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit (1)	\$ 48,744	\$ 55,853	\$ 56,605	\$ 66,957	\$ 67,046	\$ 71,040	\$ 71,221	\$ 75,847	\$ 76,415	\$ 89,313
Total net debt applicable to Debt Limit	10,806	9,979	9,054	8,830	8,137	7,431	6,680	5,859	4,993	4,097
Legal debt margin	\$ 37,938	\$ 45,874	\$ 47,551	\$ 58,127	\$ 58,909	\$ 63,609	\$ 64,541	\$ 69,988	\$ 71,422	\$ 85,216
Total net debt applicable to the limit as a percentage of debt limit	22.17%	17.87%	16.00%	13.19%	12.14%	10.46%	9.38%	7.22%	6.53%	4.59%

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

PLEGGED REVENUE COVERAGE (1) LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	—	—	—	—
2007	1,416,686	679,069	737,617	—	—	—	—
2008	1,420,803	644,673	776,130	—	—	—	—

Notes:

- (1) Capital Improvement Bonds issued in fiscal years 2003, 2005 and 2008 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.
- (2) 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

Year	Population (1)	Personal Income (Thousands Of Dollars)	Median Household Income (2)	Clayton School District Enrollment (3)	Unemployment Rate (4)
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 %
2007	15,935	1,022,772	64,184	2,479	2.8 %
2008	15,935	1,022,772	64,184	2,490	3.5 %

(1) Source - 1990 U.S. Bureau of Census for population estimates 1999 to 2000; source of data for 2001-2008, current population estimate revised census 2000 from U.S. Census Bureau dated December 7, 2001.

(2) Source - sources of data from 1999 - 2003 from 1990 U.S. Bureau of Census. Sources of data from 2004-2008 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 2008 - Missouri Department of Economic Development (based on 2000 census).

CITY OF CLAYTON, MISSOURI

PRINCIPAL EMPLOYERS CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO

Employer	2008			1999		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
St. Louis County	1,850	1	5.29	1,800	1	6.00
Enterprise Rent-A Car	769	2	2.20	1,022	2	3.41
Clayton Corporate Management	675	3	1.93			
Brown Group	633	4	1.81	454	4	1.51
Commerce Bank	537	5	1.53	436	5	1.45
Clayton School District	485	6	1.39	470	3	1.57
Centene Management Company	475	7	1.36			
Restaurant at Ritz Carlton	365	8	1.04	377	7	1.26
Ritz Carlton	301	9	0.86	400	6	1.33
Rehab Care Group Inc.	288	10	0.82			
The Earthgrains Company				375	8	1.25
Clark Refining & Marketing				374	9	1.25
Bank of America				207	10	0.69
Total	6,378		18.23	5,915		19.72

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, St. Louis County HR 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,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	—	—
City Manager	4	4	4	3	3	3	4	4	5	5
Economic Development (2)	1	1	1	1	1	1	—	—	—	—
Human resources	2	2	2	2	2	2	2	2	2	2
Finance	5	6	6	6	6	6	7	7	7	7
Municipal court	3	3	3	3	3	3	3	3	3	3
Information systems	2	2	3	3	3	3	3	3	3	3
Planning and development	10	11	11	10	10	10	10	10	10	10
Police:										
Officers	51	51	53	53	53	52	52	52	52	52
Civilians (3)	13	13	15	15	14	8	8	8	8	7
Fire:										
Firefighters and officers	30	32	32	33	32	35	35	35	35	35
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works:										
Engineering	6	6	6	6	5	5	5	5	5	5
Street maintenance	13	13	16	16	17	16	16	16	16	16
Vehicle maintenance	5	5	5	5	5	5	5	5	5	4
Building maintenance	3	3	3	3	2	3	3	3	3	2
Parking maintenance	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration/recreation (4)	7	7	7	13	13	14	14	14	15	16
Parks maintenance	8	10	10	10	9	9	9	9	9	9
Total	173	179	187	192	188	185	186	186	187	185

Notes:

- (1) Transfer of City Clerk position to City Manager's Office from Legislative in 2007.
- (2) Economic development employee moved to communications in administrative services in 2005.
- (3) Dispatcher positions eliminated in 2004 when City joined East Central Dispatch Center (ECDC) in 2004. Dispatchers transferred to ECDC.
- (4) Community Resource Coordinator position added in 2008.

Source: City of Clayton Annual Budgets (1999-2008)

CITY OF CLAYTON, MISSOURI

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST SIX FISCAL YEARS*

Function/Program	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Police:						
Arrests	432	670	848	973	1,176	959
Parking violations	4,579	4,526	4,114	5,362	3,729	2,890
Traffic violations	5,423	5,364	7,402	7,626	6,011	7,053
Parking tickets **	59,829	57,738	50,222	44,221	43,427	44,200
Fire:						
Emergency response ambulance	1,212	1,418	1,370	1,430	1,497	1,648
Emergency response- fire	1,639	1,470	1,460	1,420	1,665	1,739
Inspections	907	800	767	520	656	717
Parks and recreation:						
Shaw Park Pool - Passes	533	542	528	651	871	1,025
Shaw Park Ice Rink - Passes	11	13	16	8	—	15
Platinum Passes	—	—	—	—	152	267
Tennis Court - Passes	26	30	26	8	9	17
Pool/Tennis - Passes	81	73	69	57	66	56
Tri Passes (pool/rink/tennis)	2	11	12	13	—	4
Shelter Rentals (including picnic pads)	468	391	497	266	306	269
Planning and development:						
Residential permits issued	173	202	172	304	282	299
Estimated cost of construction						
for residential permits	\$ 33,443,381	\$ 20,694,236	\$ 29,333,420	\$ 43,081,206	\$ 33,021,571	\$ 26,602,257
Commercial permits issued	272	281	274	113	135	183
Est. cost of construction						
for commercial permits	\$ 33,135,438	\$ 68,617,644	\$ 31,775,928	\$ 57,891,052	\$ 28,898,204	\$ 71,511,966
Finance and administration:						
Business licenses issued	890	893	894	889	791	787
Liquor licenses issued	62	64	67	63	62	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 (2003-2008), various City departments

CITY OF CLAYTON, MISSOURI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	25	25	25	25	25	25	25	25	25	26
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	371	371	371	371	371	371	371	371	371	371
Vehicles:										
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
Public Works:										
Miles of streets - paved (1)	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	38.0
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	2,190	2,190	2,190	2,190	2,190	2,200	2,200	2,200	2,200	2,200
Number of traffic signals	27	27	27	27	27	28	28	28	28	28
Parks and recreation:										
Acres of Parks	84.3	84.3	84.3	84.3	84.3	84.3	84.4	84.4	84.4	84.4
Number of Parks (2)	9	9	9	9	9	9	10	10	10	10
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:

(1) Survey taken by Public Works in 2008 resulted in new figures. Miles include private subdivisions located in and maintained by the City.

(2) Added Whitburn Park in 2005 - size 1/8 acre.

No capital asset indicators are available for the Administration, Finance or Planning functions.

Source: City of Clayton Annual Reports (1998-2007), various City departments