

CITY OF FRONTENAC



Comprehensive Annual Financial Report

For The Year Ended June 30, 2016

CITY OF FRONTENAC, MISSOURI

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**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2016**

Prepared by:
Finance Department
Lea Ann Layden, Finance Officer

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FINANCIAL REPORT

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SECTION I - INTRODUCTORY SECTION

CITY OF FRONTENAC



Keith Krieg
Mayor

Bob Shelton
City Administrator

December 20, 2016

To the Honorable Mayor, Members of the Board of Aldermen and Citizens
City of Frontenac, Missouri

The Comprehensive Annual Financial Report of the City of Frontenac, Missouri (the City) for the fiscal year ended June 30, 2016 is hereby submitted for your review. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Accounting principles generally accepted in the United States of America (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the analysis. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the government

In 1947, the residents of Frontenac Estates, Jaccard Lane, and Clayton Terrace petitioned the County Court to become the Village of Frontenac, an area of 217 acres. An annexation in May of 1948 added an additional 967 acres, including West End Park and the yet to be developed areas of Villa Duchesne School and the Retreat House of the Cenacle (now Ballantrae Subdivision). On November 6, 1950, Frontenac residents voted to become a City of the fourth class. The City of Frontenac has 3,483 residents, approximately 1,300 homes and comprises 1,944 acres (2.8 square miles).

The City of Frontenac is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The City of Frontenac has operated under the Mayor-board of aldermen form of government since 1950. Policy-making and legislative authority are vested in the governing board (Board of Aldermen) consisting of the Mayor and six other members, all of whom are elected by the residents of their ward. Board members serve two-year terms, with three members elected every two years. The Mayor is elected for a two-year term. The Mayor, with board approval, appoints the City of Frontenac's administrator.

The City of Frontenac provides a full range of services, including police, fire and emergency medical services or EMS protection; leaf removal; snow removal on thoroughfares; traffic control; building inspections; licenses and permits; the construction and maintenance of City streets; bridges; storm water runoff projects and other infrastructure activities.

The Board is required to adopt an initial budget for the fiscal year no later than May 31 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Frontenac's financial planning and control. The budget is prepared by fund, function, and department (e.g., police). Department heads may transfer resources within a department as they see fit. In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

Local economy

The City of Frontenac is a wealthy inner-ring suburb of St. Louis. The City of Frontenac's signature landmark is Plaza Frontenac, a high-end shopping mall featuring many prominent retailers such as Saks Fifth Avenue, Neiman Marcus and Tiffany & Co. as well as fine dining establishments such as Flemings, Bricktops and Brio's. The City is home to the Hilton St. Louis Frontenac Hotel and Conference Center, as well as private catholic educational facilities for K-6 and college preparatory. Major industries located in the City or in close proximity to the City include major hospitals, educational facilities, manufacturers, retail stores, the county seat and several financial institutions and insurance companies.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. The City of Frontenac continues to experience unemployment rates consistently lower than national averages. During the past ten years, the unemployment rate rose from an initial low of 0.9% (2005) to a decade high of 1.7% in 2009. The City of Frontenac's unemployment rate as of June 2016 was 1.2% compared to 4.9% nationally. The department of labor forecasts the unemployment rate will remain in the 4-5% range through fiscal year 2017.

Median household incomes within the City of Frontenac are significantly higher than for the state as a whole. According to the year 2015 census estimates, the City's median family income was \$127,500; St. Louis County's was \$59,755; while the state's was \$48,173. Despite the softening of the housing market nationwide, housing prices in the vicinity of the City of Frontenac continue to remain strong. At the end of the second quarter of 2016, the median sale price of a

single family home in the vicinity of the City of Frontenac was \$773,300 and median list price \$1.2 million dollars.

As a result of judicious financial planning, as demonstrated by the 20-year financial planning model, the City received its AAA issuer credit rating assigned by Standard & Poor's in October 2009 with the City's bond issue for construction of the New City Hall project. This rating was reaffirmed in 2013.

During the past ten years, total revenues excluding grants increased on average 1.9% annually and were affected by revenue downturns due to the Interstate 64 closure and the 2009 economic recession. The City shares a material percentage of sales tax revenue to the County "pool," as indicated on page 56. Sales tax revenues have slowly recovered, and in 2016, met and exceeded 2006 sales tax revenue amounts for the second time in six years, marking the third consecutive year the City achieved pre-recession sales tax income. Sales tax revenue growth, net of sharing, averaged 5.4% for the five-year year period 2011 to 2015, but in 2016 increased to only 4.8% average growth for the five year period 2012 to 2016. City services are heavily dependent on revenue from sales tax generated by the City of Frontenac's retail businesses. Actual sales tax revenues were more than \$100,000 below budget in 2016.

Like most cities, the City of Frontenac's services are heavily dependent on personnel. Police, fire, EMS, public works and administration personnel expenses make up 88.7% of the 2016 - 17 General Fund budget and 68.8% of the Capital and General funds' combined 2017 expense budgets. While it is necessary to continually review efficiencies in personnel, response time and service levels for police and fire have historically been important to our community's residents. Cost savings measures helped to buffer personnel expense increases which have increased on average 4.5% over the prior 9 years.

Public Safety, (police, fire, and EMS) is by far the City's largest expense. Public safety accounts for approximately 79.1% of personnel expenses. Administrative staff, the Board of Aldermen, and the Ways and Means Committee all continue to work together to reduce personnel expenses or limit the increase in these and other costs. Some of our successes during recent years are listed below:

- Consolidated dispatch in 2011 with West Central Dispatch Center, cities of Creve Coeur, Frontenac, and Town and Country generating annual savings of \$110,000. While consolidating our police and fire dispatch has resulted in these savings, the annual cost to provide the vital communications for our first responders is \$280,000 (2016-17 estimate) and is also heavily personnel-driven.
- Charter member of St. Louis Area Insurance Trust (SLAIT) which added self-insured health insurance in 2010. Annual estimated savings of \$45,000 when combined with the addition of employee deductible of \$1,000 per employee and \$2,000 per family.

- Reduced City's share of health insurance cost by increasing employee only portion of health care from zero to 10%. Savings of \$30,000 annually.
- Lengthened "steps to max pay" from 3 to 8 years reducing the annual payroll step increases. Savings of \$38,000 over an 8 year period per new hire.
- Froze longevity increases and time in rank for all employees in 2011 resulting in estimated savings of more than \$350,000 over 10 years.
- Obtained grant revenue for police and fire equipment and capital improvement projects, offsetting City expenditures by almost \$800,000 over the past six years.
- Police, fire, and public works have all managed capital vehicle and equipment purchases to reduce cost from prior years. Estimated savings in excess of \$15,000 annually.
- Public Works has borrowed equipment from Creve Coeur, fire has borrowed/shared equipment and training resources and police have obtained donated equipment, all resulting in reduced or zero expense increases. Estimated savings of over \$10,000 annually.
- Participation in the St. Louis Area Insurance Trust (SLAIT) resulted in a minimal increase of 2.5% to the City's health insurance costs for 2017. This increase is significantly below industry standards, which averaged 6% increases.
- The City successfully negotiated for no increase in dental insurance rates while increasing benefits for employees.
- Moderate personnel savings are projected in the 2017 budget due to the City's retirement program, LAGERS, seeing another major decrease in contributions of more than \$50,000, or almost 17% compared to the prior year. This is the second consecutive year for the pension expenditure savings.

During the past ten years, the City's overall expenditures related to public safety have increased not only in amount, but also as a percentage of total operational expenditures in governmental funds (currently 68.8% of operational expenditures and 62.7% of total expenditures), reflecting a ten-year increase of 7.3% for fire/EMS and 1.9% for police. Much of this increase reflects the 2010 addition of the EMS/ambulance service to improve response times as well as the increased personnel to fulfill ISO insurance ratings requirements on fire truck minimum manning.

During the prior ten-year period, charges for services related to governmental funds have increased not only in amount, but also as a percentage of total revenues in governmental funds (currently 18.9%, reflecting a ten-year increase of 3.1%) reflecting the addition of ambulance

service in 2010. The increase in charges for services has been limited due to police and fire contractual rate increases and limited EMS activity.

Over the past ten plus years, the City has experienced more than \$90 million in construction projects with the majority of projects being new single family homes and residential construction (76%) and the remaining 24% consisting of renovations of existing commercial properties. This development, combined with an easy commute to the nearby metropolitan centers of Clayton and St. Louis City, the presence of retail and service industries, and the presence of nearby recreational, educational and health facilities has even further strengthened the City of Frontenac's already strong residential housing base. The City of Frontenac expects a continued gradual recovery in all sectors of its local economy as the national economy continues to improve.

Long-term financial planning and major initiatives

The City of Frontenac maintains a long-term financial planning projection tool which was initiated in April of 2008 and remains an integral part of the City's budget process. It includes a 20-year Capital Improvement Planning document that has an average annual expense estimate of \$563,000 for replacement of capital items and \$254,000 annually for infrastructure projects. The planning tool focuses on providing a long term picture of the City's projection of conservative revenues, planned expenditures and the correlating fund balance changes through one year past the City's debt service repayment (through March of 2029). The planning tool serves to ensure the City's future financial fiscal health and plan for future capital purchase and infrastructure needs.

Currently the base version indicates a need to improve revenue growth while managing expenses during the next few years to offset a projected decline in fund balance below 25% of operating expenses in year 2025-2026. A second long term projection depicts the decline occurring five years earlier if commercial development does not occur at the Shriners' site.

As detailed in an October 2014 residential mailer, despite efforts to limit expense increases, City revenues have generally not kept pace with expenses including the current year budget. Final revenues for 2015-16 were much improved over original estimates; however, long term projections clearly show future trend lines reducing reserves, potentially reducing our AAA bond rating and ultimately impacting services. To enlist resident input, the Ways and Means Committee and Board of Aldermen conducted a resident survey in the spring of 2015 regarding services and is utilizing this resident feedback as they review options available for funding capital assets and protecting fund balances in future years. This survey showed that the City's residents are willing to pay more property taxes in order to preserve the levels of service currently provided by the City.

Relevant financial policies

The City of Frontenac has adopted a comprehensive set of financial policies. During the current year, all of these policies were relevant and observed. The City of Frontenac has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The policy; however, allows for the appropriation of fund balance to close the gap. The City's fund balance policy is of particular interest as a financial indicator of fiscal health. The City's fund balance should optimally be no lower than 50% of operational expenditures plus two years debt service and compensated absences, and never lower than 25% of operational expenditures plus two years debt service and compensated absences. In the 2016-2017 budget, the City added compensated absences of \$50,000 to the fund balance calculation to represent payout of sick leave in connection with retirement. At fiscal year end, revenue accruals and expense savings put the fund balance ratio to 135.1% of operational expenditures which surpasses the fund balance target by 85.1%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive annual financial reports (CAFR). The City is submitting this report to the GFOA for this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

I would like to thank all of the City's departments for their assistance in providing the data necessary to prepare the functional report as well as the Auditor's and City Administrator's help in reviewing graphs and information. Credit is also due to the Ways and Means Committee, Mayor, and Board of Aldermen for their unfailing support in maintaining the highest standards of professionalism in the management of The City of Frontenac's finances.

Respectfully submitted,



Lea Ann Layden, CPA
Finance Officer

CITY OF FRONTENAC, MISSOURI
CITY OFFICIALS

Elected Officials:

MAYOR
Keith Krieg

BOARD OF ALDERMEN

Brian Warner, Ward I
John O'Connell, Ward I
Margot Martin, Ward II
Bud Guest, Ward II
Tom O'Brien, Ward III
David Bray, Ward III

Appointed Positions:

CITY ADMINISTRATOR
Bob Shelton

POLICE CHIEF
Tom Becker

FIRE CHIEF
John Trout

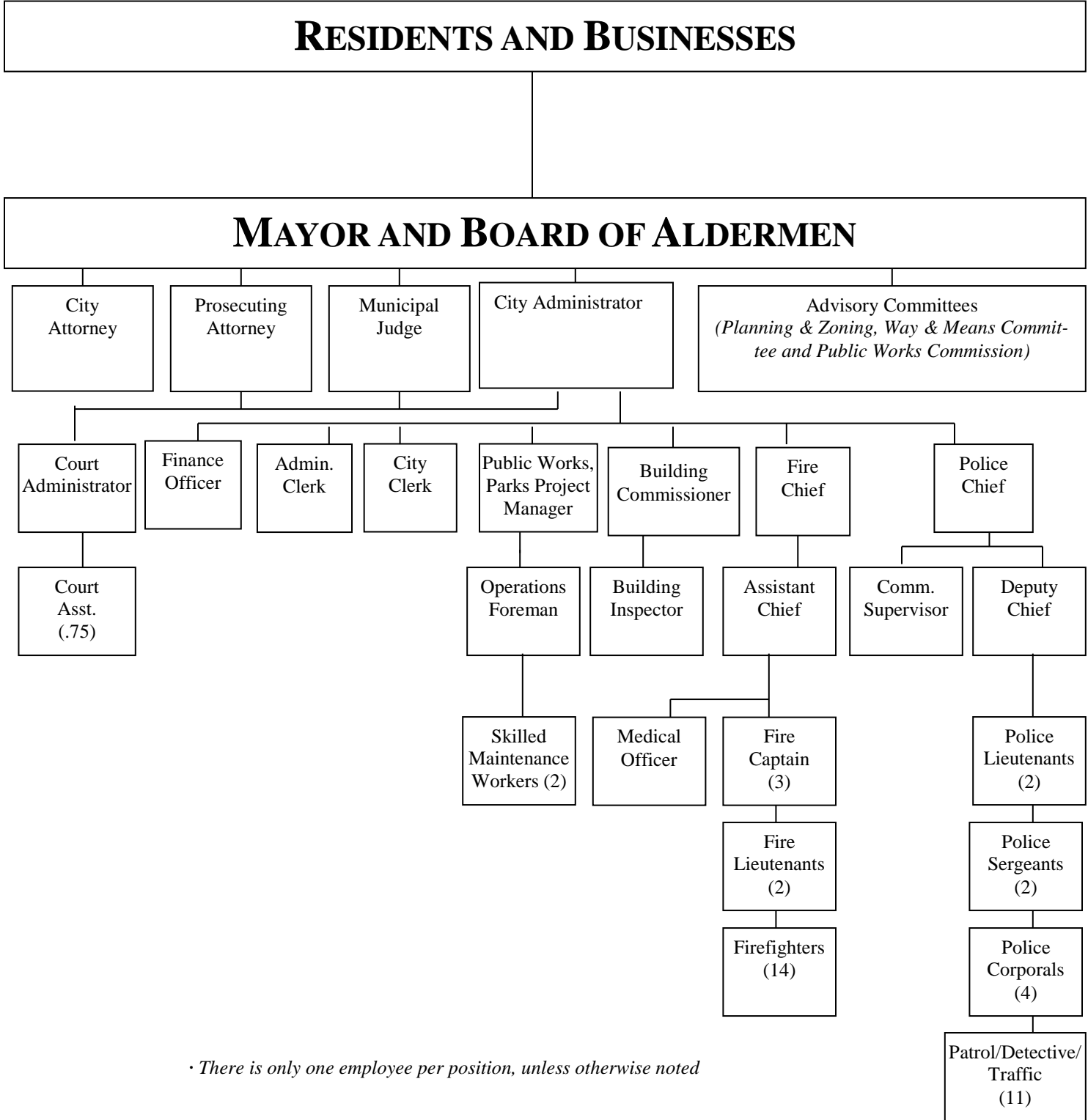
FINANCE OFFICER
Lea Ann Layden, CPA

CITY CLERK
Leesa Ross

PUBLIC WORKS DIRECTOR
Jeffrey Wappelhorst

BUILDING COMMISSIONER
John Morgan

**CITY OF FRONTENAC, MISSOURI
ORGANIZATIONAL CHART**



• There is only one employee per position, unless otherwise noted



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Frontenac
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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SECTION II - FINANCIAL SECTION

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 20, 2016

Honorable Mayor and Members of the Board of Aldermen
CITY OF FRONTENAC, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF FRONTENAC, MISSOURI** (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and introductory and statistical sections, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FRONTENAC, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

This Management's Discussion and Analysis (MD&A) is intended to be an overview of the City of Frontenac, Missouri's (the City) financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,831,636 (net position). The City had unrestricted net position totaling \$10,861,564.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,675,843, a decrease of \$17,750 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,921,928 or 117% of total General Fund expenditures.
- The City's total long-term liabilities decreased \$219,403 during the most recent fiscal year mainly due to normal annual debt service payments and a decrease in compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include administration, boards and commissions, building department, fire department, legal department, municipal building, municipal court, police department, public works, and stormwater. The City does not have any business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks and Stormwater Fund, and Capital Improvement Fund, and all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Parks and Stormwater Fund, and Capital Improvement Fund. Budgetary comparison statements have been provided for these funds to demonstrate legal compliance with the respective adopted budget.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two fiduciary funds. These agency funds report resources held by the City in a custodial capacity for individuals and other governments. One agency fund accounts for court appearance bonds due to others; the second accounts for the West End Park CID under a custodial agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

Required supplemental information. This MD&A and the General Fund and Parks and Stormwater Fund budgetary comparison schedules represent financial information required by accounting principles generally accepted in the United States of America to be presented. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplemental information. This part of the annual report includes optional financial information such as the budgetary comparison schedule for the Capital Improvement Fund. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,831,636 at the close of the most recent fiscal year.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

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

	June 30		2016 Change	
	2016	2015	Amount	Percent
ASSETS				
Cash and other current assets	\$ 11,888,160	13,224,828	(1,336,668)	(10.1) %
Capital assets	13,616,607	13,957,158	(340,551)	(2.4)
Total Assets	<u>25,504,767</u>	<u>27,181,986</u>	<u>(1,677,219)</u>	<u>(6.2)</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>2,278,578</u>	<u>826,803</u>	<u>1,451,775</u>	175.6
LIABILITIES				
Current liabilities	965,659	767,094	198,565	25.9
Long-term liabilities	<u>3,697,757</u>	<u>3,917,160</u>	<u>(219,403)</u>	<u>(5.6)</u>
Total Liabilities	<u>4,663,416</u>	<u>4,684,254</u>	<u>(20,838)</u>	<u>(0.4)</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>288,293</u>	<u>49,058</u>	<u>239,235</u>	487.7
NET POSITION				
Net investment in capital assets	10,340,120	10,484,378	(144,258)	(1.4)
Restricted	1,629,952	1,595,340	34,612	2.2
Unrestricted	<u>10,861,564</u>	<u>11,195,759</u>	<u>(334,195)</u>	<u>(3.0)</u>
Total Net Position	<u>\$ 22,831,636</u>	<u>23,275,477</u>	<u>(443,841)</u>	<u>(1.9) %</u>

Governmental activities. Governmental activities decreased the City's net position by \$443,841.

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

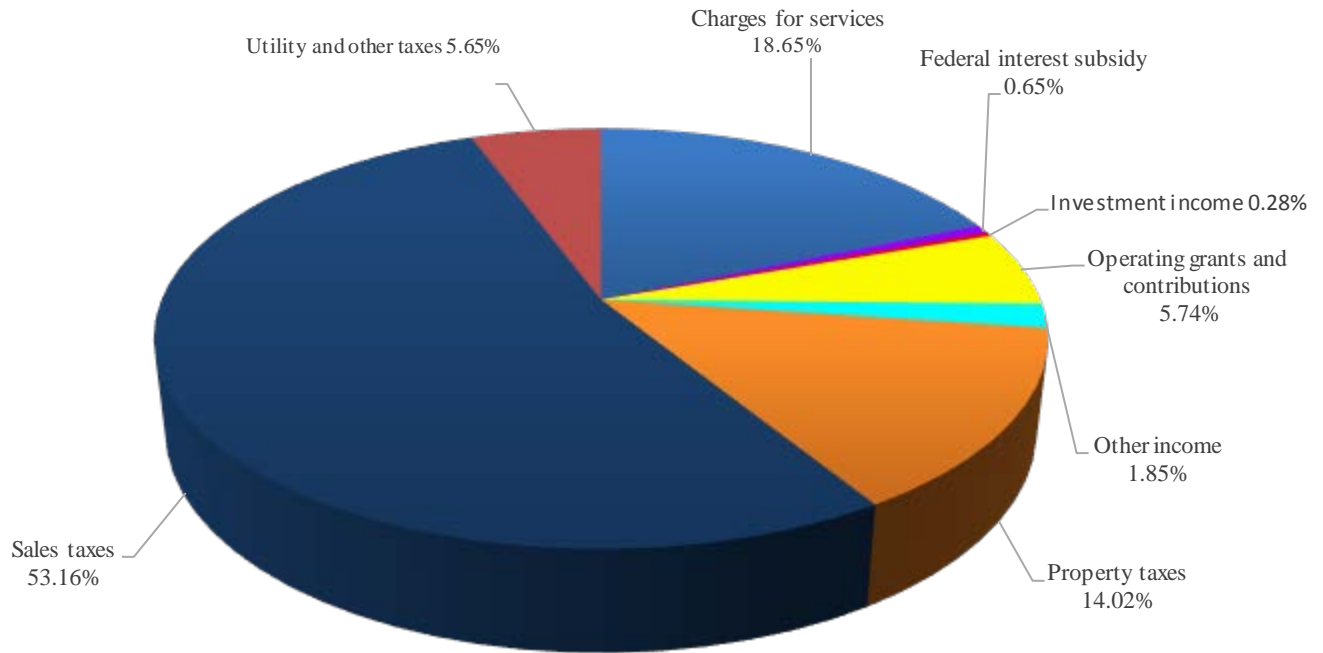
CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

	For The Years		2016 Change	
	Ended June 30		Amount	Percent
	2016	2015		
REVENUES				
Program revenues:				
Charges for services	\$ 1,597,249	1,571,290	25,959	1.7 %
Operating grants and contributions	490,509	380,141	110,368	29.0
Capital grants and contributions	-	473,152	(473,152)	(100.0)
General revenues:				
Taxes	6,236,551	6,171,422	65,129	1.1
Federal interest subsidy	55,728	56,998	(1,270)	(2.2)
Gain on sale of capital assets	-	10,645	(10,645)	(100.0)
Investment income	24,311	28,465	(4,154)	(14.6)
Other	158,215	175,980	(17,765)	(10.1)
Total Revenues	<u>8,562,563</u>	<u>8,868,093</u>	<u>(305,530)</u>	<u>(3.4)</u>
EXPENSES				
Administration	716,876	690,213	26,663	3.9
Boards and commissions	15,876	18,477	(2,601)	(14.1)
Building department	265,562	223,745	41,817	18.7
Fire department	2,567,888	2,345,213	222,675	9.5
Legal department	69,271	60,046	9,225	15.4
Municipal building	469,960	476,328	(6,368)	(1.3)
Municipal court	152,929	137,991	14,938	10.8
Police department	2,779,273	2,434,495	344,778	14.2
Public works	597,542	561,807	35,735	6.4
Stormwater	1,186,140	822,612	363,528	44.2
Interest on long-term debt	185,087	191,161	(6,074)	(3.2)
Total Expenses	<u>9,006,404</u>	<u>7,962,088</u>	<u>1,044,316</u>	<u>13.1</u>
CHANGE IN NET POSITION	(443,841)	906,005	(1,349,846)	(149.0)
NET POSITION, JULY 1	<u>23,275,477</u>	<u>22,369,472</u>	<u>906,005</u>	4.1
NET POSITION, JUNE 30	<u>\$ 22,831,636</u>	<u>23,275,477</u>	<u>(443,841)</u>	(1.9) %

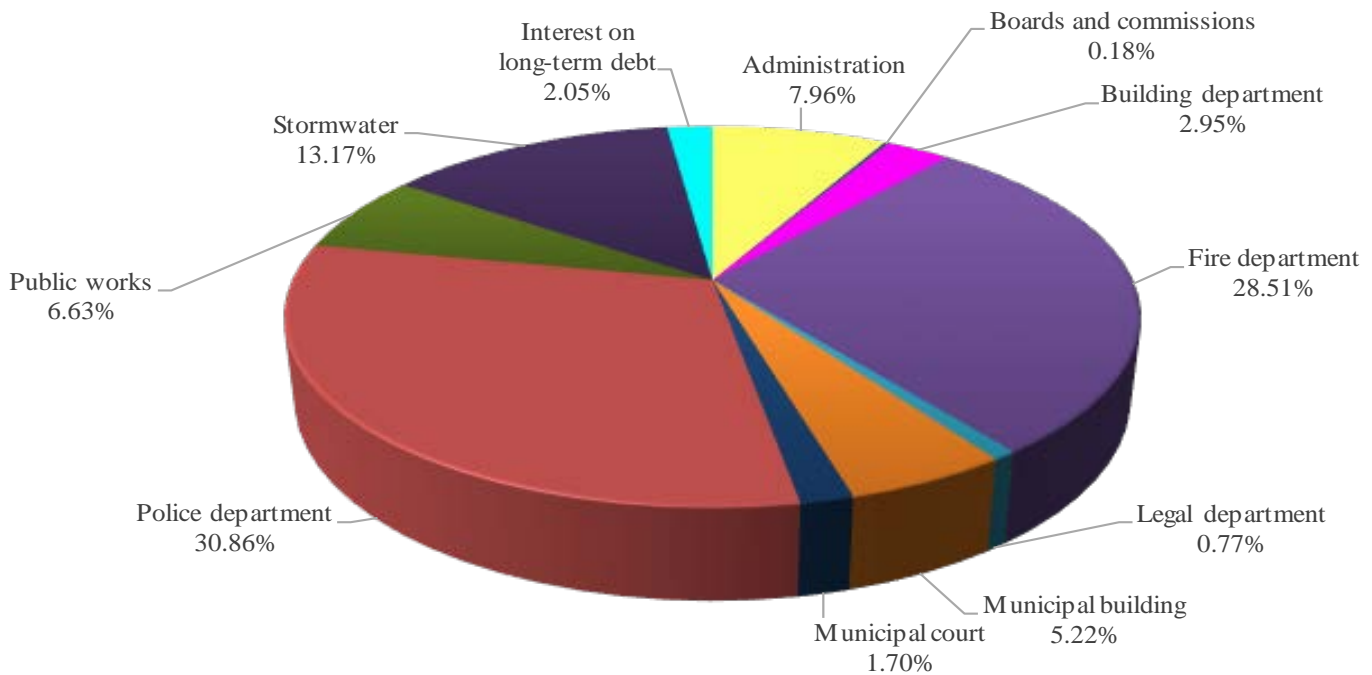
Revenues decreased mainly due to decreases in capital grants and contributions received. Expenses for the stormwater accounts increased mainly due to increased construction and engineering costs for various stormwater projects. The police and fire departments increased mainly due to pension expense and adjustments related to GASB 68.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues by Source



Expenses by Department



**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,675,843, a decrease of \$17,750 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,921,892, while total fund balance reached \$11,817,620. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 117% of total General Fund expenditures, while total fund balance represents 200% of that same amount. The fund balance of the General Fund increased by \$138,261 during the current fiscal year. This increase is due to normal revenues and expenditures.

The Parks and Stormwater Fund balance increased \$39,163 during the fiscal year to \$1,569,060 due to normal activities of the fund.

The Capital Improvement Fund balance decreased \$195,174 during the fiscal year to a deficit of \$4,710,837. This deficit will be financed through future revenues of the fund as outlined in the City's long-term financing tool. The main reason for the decrease was the annual debt service payments and planned capital outlay purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund was below projections during 2016 mainly due to police fines and municipal taxes coming in lower than expected. The total revenue variance was unfavorable by 4.9% and the expenditures variance was favorable by 1%.

CAPITAL ASSETS

The City has invested, net of accumulated depreciation, \$13,616,607 at June 30, 2016, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$340,551 for the current fiscal year (including additions and deductions).

The City's capital assets, net of accumulated depreciation, consisted of:

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

	June 30	
	2016	2015
Land	\$ 26,900	26,900
Buildings and other improvements	9,548,342	9,825,046
Office furniture and equipment	6,754	12,234
Machinery and equipment	786,523	756,779
Infrastructure	3,248,088	3,336,199
Total Capital Assets	<u>\$ 13,616,607</u>	<u>13,957,158</u>

More information on capital asset activity during the year is provided in the notes to the financial statements in Note C.

LONG-TERM DEBT

The City's long-term debt is detailed below. Additional information on the City's long-term debt can be found in Note E in the notes to the financial statements.

	June 30	
	2016	2015
Certificates of participation	\$ 3,260,000	3,455,000
Plus - Premium	16,487	17,780
Compensated absences	421,270	444,380
Total Long-term Debt	<u>\$ 3,697,757</u>	<u>3,917,160</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2016 revenue performance as a whole was very close to the total budget, with a slight 3.9% decrease under budget as a final result. Excluding grants and MSD project contributions, performance was 9% under budget. The City's sales tax revenue for all funds combined underperformed budget by 3.2%. Positive revenue performance compared to budget was notable for merchant licenses and intergovernmental revenue. The new revenue budget for 2017 has a conservative (0.1%) growth rate for total revenues, slightly below the regional economy growth for the St. Louis area CPI of 0.6% for the prior 2016 year. The growth rate for sales tax is budgeted to be 2%. An ongoing partnership with MSD produces \$618,000 in revenue available for stormwater projects scheduled on Glen Abbey, Oak Valley, Frontenac Forest, Georgian Acres, Gold Dust, and Countryside. Real estate tax growth is only expected to be a nominal 0.5% increase. Ongoing State Tax Commission appeals have the potential for further reductions in future real estate tax revenues.

Overall expenditures for 2016 were 4.2% lower than budget for all funds and 3.7% lower than budget, or \$283,243, for capital and general funds combined. Savings occurred in the following areas: administration and police salaries and benefits, legal services, prisoner expenses, and capital outlay, which included the deferred purchase of the Fire Department pumper.

General and Capital Fund operational expenditures for the new budget year of 2017 are expected to increase by 9%. Total personnel expenditures are projected to be down by 0.39%. The 2017 General Fund capital budgets include funding for computer equipment and software, EMS equipment and fire training aids, a fire pumper, police vehicles, police vehicle equipment, ballistic vests, Tasers, and a copier. The 2017 Capital Improvement Fund budget includes funding for garage

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

storage, Geyer Road engineering, and various street patching. The 2017 stormwater budget includes funding for stormwater projects on Glen Abbey, Oak Valley, Frontenac Forest, Georgian Acres, Gold Dust, and Countryside.

Net income (loss) for all funds in 2016 of \$17,750 was attained through expense savings and deferred expenses. The 2017 net income adjustment to fund balance at year-end for Capital and General Funds combined is budgeted to decrease by \$621,995 to \$6,671,526. The Parks and Stormwater Fund is projected to decrease by \$633,122 to \$961,123.

The City's long-term planning model is greatly utilized by the City. The model focuses on providing a long-term picture of the City's conservative revenue projections, planned expenditures, and the correlation of fund balance changes through one year past the City's debt service repayment (another 13 years). The model is updated periodically to enable management to review and respond to variances that may affect budget objectives and outcomes.

As mentioned in the transmittal letter, the current base version indicates a need to improve revenue growth while managing expenditures during the next few years to offset a projected decline in fund balance below 25% of operating expenditures in year 2026. A second long-term projection depicts the decline occurring five years earlier if commercial development does not occur at the Shriners' site.

As a result of judicious financial planning, as demonstrated by the 20-year financial planning model, the City received its AAA issuer credit rating assigned by Standard & Poor's in October 2009 with the City's bond issue for construction of the New City Hall project. This rating was reaffirmed in 2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, City of Frontenac, 10555 Clayton Road, Frontenac, Missouri 63131.

CITY OF FRONTENAC, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,196,586
Receivables, net:	
Municipal taxes	822,350
Intergovernmental	39,368
Other	194,961
Municipal court	3,431
Cash - restricted	399,019
Net pension asset	2,232,445
Capital assets:	
Land	26,900
Other capital assets, net of accumulated depreciation	13,589,707
Total Assets	<u>25,504,767</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>2,278,578</u>
 LIABILITIES	
Accounts payable	319,186
Accrued interest	60,610
Wages payable	129,820
Payroll withholdings	57,524
Escrow funds payable	398,519
Noncurrent liabilities:	
Due within one year	410,635
Due in more than one year	3,287,122
Total Liabilities	<u>4,663,416</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>288,293</u>
 NET POSITION	
Net investment in capital assets	10,340,120
Restricted for:	
Law enforcement training	60,892
Parks and stormwater projects	1,515,471
Sewer lateral projects	53,589
Unrestricted	<u>10,861,564</u>
Total Net Position	<u>\$ 22,831,636</u>

**CITY OF FRONTENAC, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

		Program Revenues			Net Revenues (Expenses) And Change In Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 716,876	607,064	-	-	(109,812)
Boards and commissions	15,876	-	-	-	(15,876)
Building department	265,562	196,295	-	-	(69,267)
Fire department	2,567,888	291,192	-	-	(2,276,696)
Legal department	69,271	-	-	-	(69,271)
Municipal building	469,960	-	-	-	(469,960)
Municipal court	152,929	-	-	-	(152,929)
Police department	2,779,273	466,191	-	-	(2,313,082)
Public works	597,542	36,507	380,509	-	(180,526)
Stormwater	1,186,140	-	110,000	-	(1,076,140)
Interest on long-term debt	185,087	-	-	-	(185,087)
Total Governmental Activities	\$ 9,006,404	1,597,249	490,509	-	(6,918,646)
General Revenues					
Taxes:					
Property					1,200,787
Sales					4,552,043
Utility					473,362
Other					10,359
Federal interest subsidy					55,728
Investment income					24,311
Other					158,215
Total General Revenues					6,474,805
CHANGE IN NET POSITION					(443,841)
NET POSITION, JULY 1					23,275,477
NET POSITION, JUNE 30					\$ 22,831,636

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Parks And Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 6,539,116	1,657,470	-	8,196,586
Receivables, net:				
Municipal taxes	470,366	190,107	161,877	822,350
Intergovernmental	20,277	-	-	20,277
Other	194,961	-	-	194,961
Municipal court	3,431	-	-	3,431
Cash - restricted	399,019	-	-	399,019
Due from other funds	4,834,836	-	-	4,834,836
	<u>4,834,836</u>	<u>-</u>	<u>-</u>	<u>4,834,836</u>
Total Assets	<u>\$ 12,462,006</u>	<u>1,847,577</u>	<u>161,877</u>	<u>14,471,460</u>
LIABILITIES				
Accounts payable	\$ 18,264	271,766	29,156	319,186
Wages payable	120,512	3,709	5,599	129,820
Payroll withholdings	51,359	3,042	3,123	57,524
Due to other funds	-	-	4,834,836	4,834,836
Escrow funds payable	398,519	-	-	398,519
Total Liabilities	<u>588,654</u>	<u>278,517</u>	<u>4,872,714</u>	<u>5,739,885</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	18,176	-	-	18,176
PILOTS	37,556	-	-	37,556
Total Deferred Inflows Of Resources	<u>55,732</u>	<u>-</u>	<u>-</u>	<u>55,732</u>
FUND BALANCES				
Nonspendable:				
Long-term interfund amounts	4,834,836	-	-	4,834,836
Restricted for:				
Law enforcement training	60,892	-	-	60,892
Parks and stormwater projects	-	1,515,471	-	1,515,471
Sewer lateral projects	-	53,589	-	53,589
Unassigned	6,921,892	-	(4,710,837)	2,211,055
Total Fund Balances	<u>11,817,620</u>	<u>1,569,060</u>	<u>(4,710,837)</u>	<u>8,675,843</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 12,462,006</u>	<u>1,847,577</u>	<u>161,877</u>	<u>14,471,460</u>

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances - Governmental Funds	\$ 8,675,843
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$17,014,309 and the accumulated depreciation is \$3,397,702.</p>	13,616,607
<p>Other long-term assets (property taxes and PILOTS not collected within 60 days of year-end) are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.</p>	55,732
<p>Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:</p>	
Net pension asset	2,232,445
Deferred outflows related to pensions	2,278,578
Deferred inflows related to pensions	(288,293)
Interest subsidy receivable	19,091
<p>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:</p>	
Accrued compensated absences	(421,270)
Accrued interest payable	(60,610)
Certificates of participation	(3,260,000)
Unamortized bond premium	(16,487)
	(3,768,367)
Total Net Position Of Governmental Activities	\$ 22,831,636

CITY OF FRONTENAC, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Parks And Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Municipal taxes	\$ 4,217,751	1,097,145	1,174,906	6,489,802
Intergovernmental	118,247	110,000	1,000	229,247
Licenses	569,508	-	-	569,508
Police and fire protection	508,661	-	-	508,661
Police fines	226,789	-	-	226,789
Investment income	19,034	5,277	-	24,311
Federal interest subsidy	-	-	57,121	57,121
Other	388,950	36,507	2,823	428,280
Total Revenues	<u>6,048,940</u>	<u>1,248,929</u>	<u>1,235,850</u>	<u>8,533,719</u>
EXPENDITURES				
Current:				
Administration	574,522	-	49,195	623,717
Board and commissions	15,876	-	-	15,876
Building department	251,764	-	1,752	253,516
Fire department	2,344,378	-	41,283	2,385,661
Legal department	69,271	-	-	69,271
Municipal building	-	-	192,721	192,721
Municipal court	147,843	-	-	147,843
Police department	2,507,025	-	65,878	2,572,903
Public works	-	44,775	415,987	460,762
Stormwater	-	147,137	-	147,137
Capital outlay	-	1,017,854	280,553	1,298,407
Debt service:				
Principal	-	-	195,000	195,000
Interest	-	-	188,655	188,655
Total Expenditures	<u>5,910,679</u>	<u>1,209,766</u>	<u>1,431,024</u>	<u>8,551,469</u>
NET CHANGE IN FUND BALANCES	138,261	39,163	(195,174)	(17,750)
FUND BALANCES (DEFICIT), JULY 1	<u>11,679,359</u>	<u>1,529,897</u>	<u>(4,515,663)</u>	<u>8,693,593</u>
FUND BALANCES (DEFICIT), JUNE 30	<u><u>\$ 11,817,620</u></u>	<u><u>1,569,060</u></u>	<u><u>(4,710,837)</u></u>	<u><u>8,675,843</u></u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net Change In Fund Balances - Governmental Funds \$ (17,750)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$463,344 exceeded capital outlays over the capitalization threshold totaling \$155,059 in the current period. (308,285)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations):
 Cost of disposals, net of accumulated depreciation (32,266)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 45,567

The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of these differences in the treatment of long-term debt and related items.
 Amortization 1,293
 Certificates of participation principal payments 195,000

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:
 Accrued compensated absences 23,110
 Accrued interest on debt 882
 Pension expense (351,392)

Change In Net Position Of Governmental Activities \$ (443,841)

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2016

ASSETS

Cash	<u>\$ 33,828</u>
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LIABILITIES

Due to others:	
Court appearance bonds	\$ 1,825
West End Park CID	<u>32,003</u>
 Total Liabilities	 <u>\$ 33,828</u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF FRONTENAC, MISSOURI** (the City) was incorporated in 1947. The City operates under a Mayor and six-member Board of Aldermen form of government and provides various services including public safety (police and fire), capital improvements, planning and zoning, and general administrative services.

The significant accounting policies applied by the City in the preparation of the accompanying basic financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

2. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund's financial statements are reported using the accrual basis of accounting with no economic resources measurement focus. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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, if any. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental 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.

Parks and Stormwater Fund -- The Parks and Stormwater Fund is a Special Revenue Fund used to account for the financial resources from the ½ cent parks and stormwater sales tax and sewer lateral assessments. The revenues are to be used for parks or stormwater projects and sewer lateral repairs.

Capital Improvement Fund -- The Capital Improvement Fund is used to account for financial resources from the ½ cent capital improvement sales tax and road and bridge taxes. The revenues are to be used for acquisition, construction, operation, or maintenance of major capital facilities, capital improvements, and operating equipment.

Additionally, the City reports the following fund types:

Agency Funds -- The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's Agency Funds consist of the municipal court collections for appearance bonds and the West End Park CID.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

4. Cash 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 authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, time certificates of deposit, and repurchase agreements. Investments are stated at fair value.

5. Allowance for Doubtful Accounts

Municipal Court receivables are shown net of an allowance for uncollectibles of \$26,361, and ambulance revenues are shown net of an allowance for uncollectibles of \$19,846. The City estimates all other recorded accounts receivable at year-end are collectible and thus no allowance for doubtful accounts has been included in these financial statements for those accounts receivable.

6. Restricted Assets

Certain resources set aside for escrow amounts are classified as restricted assets on the balance sheet because their use is limited by the liability and legal requirements.

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. When applicable, the cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 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 acquisition value at the date of donation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The City has elected not to record the historical cost of infrastructure placed in service prior to July 1, 2003.

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

Assets	Years
Buildings and other improvements	10 - 50
Office furniture and equipment	5 - 20
Machinery and equipment	3 - 20
Infrastructure	20 - 50

9. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers - Transfers of resources from a fund revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses), if any.

Due To/From Other Funds - Interfund amounts receivable/payable are reported as assets and liabilities of the appropriate funds. The interfund balance between the General Fund and the Capital Improvement Fund is not expected to be repaid within the upcoming fiscal year. The balance is due to the funding of the City's Municipal Complex.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

10. Compensated Absences

Compensated absences of the City consist of the following: accrued vacation and compensatory time which is paid upon termination to all employees, and accrued sick leave which may be converted to compensation upon full retirement of an employee up to a maximum of one-half of actual accrued leave.

City employees earn vacation based upon their years of continuous service. Employees are expected to take an annual vacation; however, employees may carry over one half of their current year's vacation accrual. All full-time employees, except for fire department shift personnel, accrue one half day (24 hour shift) for each full month of continuous service. Employees may accumulate up to six months of sick time, which is 1,040 hours for general and police employees, and 1,378 hours for fire fighters.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Compensated Absences (Continued)

The entire accrued benefit liability related to accumulated unpaid vacation, compensatory time, and sick leave is recorded in the government-wide financial statements as long-term debt and is expected to be paid from future resources.

11. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds 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.

12. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources for unavailable revenues from property taxes reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the government-wide statement of net position.

13. Fund Balances

The fund balance amounts are reported in the following applicable categories, listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balances (Continued)

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the Board of Aldermen, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 50% of annual operating expenditures for the fiscal year.

14. Ambulance Revenue

The City provides ambulance service to the City and the surrounding municipalities of Huntleigh, Crystal Lake Park, and Country Life Acres. Payments for ambulance service are charged to insurance companies, Medicare, Medicaid, and individuals. Gross ambulance service charges are typically reduced by insurance companies, Medicare, and Medicaid as well as amounts that are written off as uncollectible and referred to collections. During the year ended June 30, 2016, the City had gross charges totaling \$256,261. The gross charges were reduced by amounts disallowed by the insurance companies, Medicare, and Medicaid totaling \$84,542, uncollectible amounts (amounts referred to collections) totaling \$27,245, and a refund amount of \$4,241.

15. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, based on the assessed value of the property. Taxes are levied in October and are due and payable on or before December 31.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Property Taxes (Continued)

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

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

16. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

17. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

As of June 30, 2016, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments

As of June 30, 2016, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Money market funds	\$ 5,495,619	5,495,619	-	-	Not rated
Certificates of deposit	494,000	-	249,000	245,000	N/A
Total Investments	<u>\$ 5,989,619</u>	<u>5,495,619</u>	<u>249,000</u>	<u>245,000</u>	

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by prequalifying the financial institutions, brokers/dealers, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City will diversify the portfolio so that potential losses on individual securities will be minimized.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

- Money market funds of \$5,495,619 are valued using quoted market prices (Level 1 inputs)
- Certificates of deposit of \$494,000 are not subject to fair value level classification

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

	For The Year Ended June 30, 2016			
	Balance June 30 2015	Increases	Decreases	Balance June 30 2016
Capital assets not being depreciated:				
Land	\$ 26,900	-	-	26,900
Capital assets being depreciated:				
Buildings and other improvements	11,126,526	-	-	11,126,526
Office furniture and equipment	90,279	-	-	90,279
Machinery and equipment	1,799,700	155,059	45,023	1,909,736
Infrastructure	3,860,868	-	-	3,860,868
Total Capital Assets Being Depreciated	<u>16,877,373</u>	<u>155,059</u>	<u>45,023</u>	<u>16,987,409</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	1,301,480	276,704	-	1,578,184
Office furniture and equipment	78,045	5,480	-	83,525
Machinery and equipment	1,042,921	93,049	12,757	1,123,213
Infrastructure	524,669	88,111	-	612,780
Total Accumulated Depreciation	<u>2,947,115</u>	<u>463,344</u>	<u>12,757</u>	<u>3,397,702</u>
Total Capital Assets Being Depreciated, Net	<u>13,930,258</u>	<u>(308,285)</u>	<u>32,266</u>	<u>13,589,707</u>
Total Capital Assets, Net	<u>\$13,957,158</u>	<u>(308,285)</u>	<u>32,266</u>	<u>13,616,607</u>

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

	For The Year Ended June 30 2016
Administration	\$ 739
Building department	1,500
Fire department	44,584
Municipal building	274,120
Police department	27,660
Public works	87,254
Stormwater	<u>27,487</u>
Total	<u>\$ 463,344</u>

NOTE D - PENSION PLAN

Plan Description

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

Benefits Provided

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

2016 Valuation

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

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

Employees Covered by Benefit Terms

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>51</u>
Total	<u>91</u>

NOTE D - PENSION PLAN (Continued)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees do not contribute to the pension plan. The City contribution rates are 8.8% (General), 11.7% (Police), and 2.2% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2016.

Actuarial Assumptions

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The new assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.0%	5.00%
Fixed income	26.0	3.00
Real assets	21.0	3.25
Strategic Assets	10.0	5.60

Discount Rate

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

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balances at June 30, 2015	<u>\$ 16,052,332</u>	<u>19,848,709</u>	<u>(3,796,377)</u>
Changes for the year			
Service cost	435,216	-	435,216
Interest	1,158,022	-	1,158,022
Difference between expected and actual experience	(243,412)	-	(243,412)
Changes of assumptions	521,075	-	521,075
Contributions - employer	-	302,286	(302,286)
Net investment income	-	(37,876)	37,876
Benefit payments, including refunds	(597,284)	(597,284)	-
Administrative expense	-	(6,982)	6,982
Other	-	49,541	(49,541)
Net Changes	<u>1,273,617</u>	<u>(290,315)</u>	<u>1,563,932</u>
Balances at June 30, 2016	<u>\$ 17,325,949</u>	<u>19,558,394</u>	<u>(2,232,445)</u>

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$342,077	(2,232,445)	(4,357,658)

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

For the year ended June 30, 2016, the City recognized pension expense of \$653,678. The reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 42,002	(288,293)	(246,291)
Assumption changes	443,129	-	443,129
Excess (deficit) investment returns	1,793,447	-	1,793,447
Total	<u>\$ 2,278,578</u>	<u>(288,293)</u>	<u>1,990,285</u>

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

<u>For The Years Ending June 30</u>	
2017	\$ 533,040
2018	533,040
2019	533,038
2020	326,665
2021	13,289
Thereafter	<u>51,213</u>
Total	<u>\$ 1,990,285</u>

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE E - LONG-TERM LIABILITIES

A summary of changes in long-term debt is as follows:

	For The Year Ended June 30, 2016				Due Within One Year
	Balance June 30 2015	Additions	Deletions	Balance June 30 2016	
Certificates of participation	\$ 3,455,000	-	195,000	3,260,000	200,000
Plus - premium	17,780	-	1,293	16,487	-
Compensated absences	444,380	394,759	417,869	421,270	210,635
Total	\$ 3,917,160	394,759	614,162	3,697,757	410,635

The compensated absences are generally liquidated by the General Fund, Parks and Stormwater Fund, and the Capital Improvement Fund. The certificates of participation are liquidated by the Capital Improvement Fund.

Certificates of Participation

In October 2009, the City issued \$4,010,000 in Certificates of Participation (Series 2009 A and B) to provide funds for the construction of a new City government center. The certificates are due in varying amounts through March 1, 2029 with interest rates ranging from 3% to 6.03%. The Series 2009B are taxable Build America Bonds for which the City receives interest subsidy payments.

Aggregate maturities required on the debt are as follows:

For The Years Ending June 30	Principal	Interest	Total
2017	\$ 200,000	181,831	381,831
2018	210,000	175,581	385,581
2019	215,000	164,072	379,072
2020	225,000	152,291	377,291
2021	230,000	139,961	369,961
2022 - 2026	1,285,000	499,147	1,784,147
2027 - 2029	895,000	109,444	1,004,444
Total	\$ 3,260,000	1,422,327	4,682,327

NOTE F - OPERATING LEASES

The City is a lessor of property used for mobile phone towers by three telephone service providers. The leases have various years remaining and may be subsequently cancelled. Revenue related to these leases approximated \$49,500 during the fiscal year.

NOTE G - INSURANCE

The City participates in the St. Louis Area Insurance Trust (SLAIT), a self-insurance pool. Membership includes other St. Louis County municipalities.

SLAIT provides health insurance, general liability, auto liability, police professional liability, and paramedic's malpractice coverage for the City. Premiums are calculated on an individual city basis by reviewing exposures according to insurance industry standards established by the reinsurance carrier. The rates are adjusted for each member using a three-year analysis of claims and losses for each member. Claims are paid from a self-insured retention established by the pool with stop-loss protection provided on both an individual and aggregate basis through the purchase of reinsurance contracts.

SLAIT also provides workers' compensation coverage at levels required by state law. Each member of SLAIT is assessed an annual premium based upon rates established by the Division of Workers' Compensation for each class of employee. Claims are paid from a self-insured retention established by the pool with stop-loss protection on both an individual claim and aggregate basis provided by a reinsurance contract.

The City also purchases commercial insurance policies for auto physical damage, property coverage, public official liability, and other coverage.

Settled claims have not exceeded the commercial coverage in any of the past three years.

NOTE H - DISPATCHING SERVICES

The City contracts its fire and ambulance dispatching through a central dispatching service (Central County Emergency 911 Dispatching Center). The total charges for these services rendered during the year ended June 30, 2016 were \$36,917.

The City has a cooperative agreement with two other municipalities to form the West Central Dispatch Center (WCDC). WCDC provides police dispatch services to the City. The fees paid to WCDC are based on the percentage of calls for service of each member city. During the year ended June 30, 2016, the City paid \$221,906 for police dispatch services.

Further financial data and audited financial reports may be obtained from each of these dispatch services.

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,629,952 of restricted net position, all of which is restricted by enabling legislation.

NOTE J - DEFICIT FUND BALANCE

The Capital Improvement Fund has a deficit fund balance at June 30, 2016 of (\$4,710,837). This deficit will be financed through future revenues of the fund.

NOTE K - FUTURE ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued statements not yet implemented by the City. The Statements which might impact the City are as follows:

- *GASB Statement No. 77, Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients,
 - The gross dollar amount of taxes abated during the period, and
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This Statement is effective for financial statements for periods beginning after December 15, 2015.

Management has not yet determined the effect, if any, this Statement will have in the City's future financial statements.

NOTE L - CONTINGENCIES

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, the City believes the resolution of these matters will not have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Municipal Taxes			
General sales	\$ 1,605,420	1,533,046	(72,374)
Property	1,210,409	1,192,776	(17,633)
Fire department sales	561,847	548,573	(13,274)
Local option sales	481,819	469,994	(11,825)
Utilities	571,654	473,362	(98,292)
Total Municipal Taxes	4,431,149	4,217,751	(213,398)
Intergovernmental			
Gasoline	105,235	107,888	2,653
Cigarette	9,376	10,359	983
Total Intergovernmental	114,611	118,247	3,636
Licenses			
Merchants	470,799	561,055	90,256
Liquor	9,000	8,453	(547)
Total Licenses	479,799	569,508	89,709
Police and Fire Protection			
	504,910	508,661	3,751
Police Fines			
	425,000	226,789	(198,211)
Investment Income			
	23,268	19,034	(4,234)
Other			
Building permits	158,875	160,012	1,137
Lease income	60,908	49,418	(11,490)
Cable television	68,187	72,299	4,112
Miscellaneous	91,350	107,221	15,871
Total Other	379,320	388,950	9,630
Total Revenues	6,358,057	6,048,940	(309,117)

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES			
Administration			
Dues and memberships	1,502	1,890	388
Insurance	61,264	61,006	(258)
Legal and professional	38,770	17,999	(20,771)
Meetings and seminars	9,910	7,450	(2,460)
Mileage reimbursement	2,100	561	(1,539)
Miscellaneous	13,590	17,945	4,355
Office supplies	4,500	3,460	(1,040)
Postage	8,000	5,510	(2,490)
Printing and publishing	7,000	1,815	(5,185)
Public relations	9,750	7,344	(2,406)
Salaries and benefits	467,498	449,542	(17,956)
Training and education	3,250	-	(3,250)
Total Administration	627,134	574,522	(52,612)
Boards and Commissions			
Court reporter	500	-	(500)
Dues and memberships	3,680	3,121	(559)
Elections	1,500	1,140	(360)
Liability insurance	8,766	8,544	(222)
Meetings and seminars	1,550	651	(899)
Printing and publishing	3,260	2,420	(840)
Total Boards And Commissions	19,256	15,876	(3,380)
Building Department			
Meetings and seminars	3,750	4,050	300
Dues and memberships	570	430	(140)
Mileage reimbursement	400	198	(202)
Office supplies	2,000	1,322	(678)
Printing and publishing	800	174	(626)
Professional services	11,000	29,508	18,508
Salaries and benefits	216,349	215,629	(720)
Training	750	183	(567)
Uniforms	600	270	(330)
Total Building Department	236,219	251,764	15,545

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Fire Department			
Dues and memberships	3,200	3,778	578
EMS supplies	11,500	9,154	(2,346)
Meetings and seminars	3,850	2,345	(1,505)
Mileage reimbursement	1,000	55	(945)
Miscellaneous	6,100	6,457	357
Physical examinations	8,800	10,088	1,288
Professional services	12,600	11,183	(1,417)
Public relations	3,000	2,643	(357)
Salaries and benefits	2,068,092	2,117,321	49,229
Dispatch services	145,000	141,556	(3,444)
Specialized training	27,350	24,896	(2,454)
Uniforms	10,000	14,902	4,902
Total Fire Department	2,300,492	2,344,378	43,886
Legal Department			
City attorney legal services	12,000	37,119	25,119
City attorney retainer	18,000	15,500	(2,500)
Professional services	2,000	16,652	14,652
Total Legal Department	32,000	69,271	37,271
Municipal Court			
Dues and memberships	180	180	-
Judges retainer	12,000	12,000	-
Legal services	6,500	8,181	1,681
Maintenance and repair	6,440	6,537	97
Meetings and seminars	2,715	3,074	359
Mileage reimbursement	680	537	(143)
Miscellaneous	2,980	790	(2,190)
Office supplies	1,950	877	(1,073)
Printing	3,729	2,017	(1,712)
Prisoner expenses	5,000	-	(5,000)
Prosecuting attorney retainer	18,000	18,000	-
Salaries and benefits	102,628	95,451	(7,177)
Training and education	200	199	(1)
Total Municipal Court	163,002	147,843	(15,159)

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Police Department			
Communications	30,000	28,057	(1,943)
Detective bureau	425	246	(179)
Dispatch consortium	115,000	104,639	(10,361)
Dues and memberships	1,595	1,769	174
Miscellaneous	700	733	33
Office supplies	5,800	5,531	(269)
Patrol	6,500	5,308	(1,192)
Physical examinations	50	50	-
Prisoner detention	550	440	(110)
Salaries and benefits	2,403,082	2,328,217	(74,865)
Specialized training	17,325	18,425	1,100
Traffic safety unit	600	696	96
Uniforms	13,000	12,914	(86)
Total Police Department	<u>2,594,627</u>	<u>2,507,025</u>	<u>(87,602)</u>
Total Expenditures	<u>5,972,730</u>	<u>5,910,679</u>	<u>(62,051)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 385,327</u>	138,261	<u>(247,066)</u>
FUND BALANCE, JULY 1		<u>11,679,359</u>	
FUND BALANCE, JUNE 30		<u>\$ 11,817,620</u>	

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PARKS AND STORMWATER FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Municipal taxes - sales tax	\$ 1,124,097	1,097,145	(26,952)
Intergovernmental	100,000	110,000	10,000
Investment income	4,305	5,277	972
Other	37,000	36,507	(493)
Total Revenues	<u>1,265,402</u>	<u>1,248,929</u>	<u>(16,473)</u>
EXPENDITURES			
Current:			
Public works	37,000	44,775	7,775
Stormwater	158,433	147,137	(11,296)
Capital outlay	1,103,000	1,017,854	(85,146)
Total Expenditures	<u>1,298,433</u>	<u>1,209,766</u>	<u>(88,667)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (33,031)</u>	39,163	<u>72,194</u>
FUND BALANCE, JULY 1		<u>1,529,897</u>	
FUND BALANCE, JUNE 30		<u>\$ 1,569,060</u>	

**CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

Budgets and Budgetary Accounting

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

- a. The proposed budget is submitted to the Board of Aldermen for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any fund balance at the end of such year.
- b. Public hearings are held to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the Board of Aldermen for each fiscal year.
- d. The Board of Aldermen authorizes transfers of budgeted amounts between departments within the General Fund and alters the total expenditures of the budgeted funds. All appropriations not spent lapse at fiscal year-end.
- e. During the year, the Board of Aldermen may amend or authorize supplemental appropriations to the budget.
- f. The City's legal level of budgetary control is at the fund level.
- g. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2016, expenditures exceeded appropriations in the building department (\$15,545), the fire department (\$43,886), and the legal department (\$37,271) of the General Fund. These over expenditures were covered by additional current year revenues or available fund balance.

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30

	2016	2015
Total Pension Liability		
Service cost	\$ 435,216	430,231
Interest on the total pension liability	1,158,022	1,091,955
Difference between expected and actual experience	(243,412)	(53,941)
Changes of assumptions	521,075	-
Benefit payments, including refunds	(597,284)	(522,874)
Net Change In Total Pension Liability	1,273,617	945,371
Total Pension Liability Beginning	16,052,332	15,106,961
Total Pension Liability (a)	\$ 17,325,949	16,052,332
 Plan Fiduciary Net Position		
Contributions-employer	\$ 302,286	361,464
Contributions-employee	-	63,038
Pension plan net investment income	(37,876)	371,820
Benefit payments, including refunds	(597,284)	(522,874)
Administrative expense	(6,982)	(7,642)
Other	49,541	333,669
Net Change In Plan Fiduciary Net Position	(290,315)	599,475
Plan Fiduciary Net Position Beginning	19,848,709	19,249,234
Plan Fiduciary Net Position Ending (b)	\$ 19,558,394	19,848,709
 Net Pension Liability (Asset) (a-b)	\$ (2,232,445)	(3,796,377)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.88 %	123.65
 Covered Employee Payroll	\$ 4,098,160	4,013,489
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(54.47) %	(94.59)

Notes:

Information is not available for fiscal years prior to 2015.

Vested active LAGERS members who have previous non-Federal Missouri public employment that were not covered by a retirement plan or that were covered by a retirement plan but they did not become vested in that plan may purchase that service, to be treated as LAGERS service credit. Employee contributions noted above are for a member purchasing such service credit.

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined pension contribution	\$ 302,286	381,092	350,822	386,206	355,736	371,256	213,760	186,129	156,336	157,148
Contributions in relation to the actuarially determined contribution	<u>302,286</u>	<u>361,465</u>	<u>323,238</u>	<u>298,183</u>	<u>252,067</u>	<u>236,765</u>	<u>189,407</u>	<u>165,005</u>	<u>135,042</u>	<u>115,685</u>
Contribution Deficiency	<u>\$ -</u>	<u>19,627</u>	<u>27,584</u>	<u>88,023</u>	<u>103,669</u>	<u>134,491</u>	<u>24,353</u>	<u>21,124</u>	<u>21,294</u>	<u>41,463</u>
Covered Employee Payroll	\$ 4,060,061	4,099,049	4,005,877	3,792,652	3,682,697	3,941,114	3,562,923	3,338,725	3,194,871	3,140,971
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	7.45 %	8.82	8.07	7.86	6.84	6.01	5.32	4.94	4.23	3.68

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 29, 2016 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 13 to 15 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF FRONTENAC, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Municipal taxes - sales tax	\$ 1,202,910	1,202,910	1,174,906	(28,004)
Intergovernmental	-	-	1,000	1,000
Federal interest subsidy	57,028	57,028	57,121	93
Other	-	-	2,823	2,823
Total Revenues	1,259,938	1,259,938	1,235,850	(24,088)
EXPENDITURES				
Current:				
Administration	52,418	52,418	49,195	(3,223)
Building department	5,500	5,500	1,752	(3,748)
Fire department	64,400	64,400	41,283	(23,117)
Municipal building	212,088	212,088	192,721	(19,367)
Police department	109,500	109,500	65,878	(43,622)
Public works	451,628	451,628	415,987	(35,641)
Capital outlay	988,026	373,026	280,553	(92,473)
Debt service:				
Principal	195,000	195,000	195,000	-
Interest	188,656	188,656	188,655	(1)
Total Expenditures	2,267,216	1,652,216	1,431,024	(221,192)
NET CHANGE IN FUND BALANCE	\$ (1,007,278)	(392,278)	(195,174)	197,104
FUND BALANCE (DEFICIT), JULY 1			(4,515,663)	
FUND BALANCE (DEFICIT), JUNE 30			\$ (4,710,837)	

CITY OF FRONTENAC, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>June 30</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30</u> <u>2016</u>
COURT BOND FUND				
ASSETS				
Cash	\$ 4,800	3,575	6,550	1,825
LIABILITIES				
Due to others - court appearance bonds	\$ 4,800	3,575	6,550	1,825
WEST END PARK CID				
ASSETS				
Cash	\$ -	32,003	-	32,003
LIABILITIES				
Due to others - West End Park CID	\$ -	32,003	-	32,003
ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 4,800	35,578	6,550	33,828
LIABILITIES				
Due to others:				
Court appearance bonds	\$ 4,800	3,575	6,550	1,825
West End Park CID	-	32,003	-	32,003
Total Liabilities	\$ 4,800	35,578	6,550	33,828

SECTION III - STATISTICAL SECTION

CITY OF FRONTENAC, MISSOURI

STATISTICAL SECTION

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 supplemental information says about the City’s overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	48 - 51
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	52 - 57
Debt Capacity These 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.	58 - 60
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	61 - 63
Operating Information These 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.	64 - 66

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

CITY OF FRONTENAC, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 10,340,120	10,484,378	10,050,069	15,515,379	14,455,897	13,400,325	7,683,534	5,435,021	4,890,309	3,609,755
Restricted for:										
Law enforcement training	60,892	67,103	62,667	54,094	44,269	36,258	28,069	21,699	13,493	7,750
Parks and stormwater projects	1,515,471	1,466,380	1,176,071	983,890	950,789	1,331,060	3,914,529	6,151,771	6,097,341	5,658,569
Sewer lateral projects	53,589	61,857	59,979	53,514	75,679	68,901	74,589	67,676	57,106	52,997
Unrestricted	10,861,564	11,195,759	11,020,686	6,604,557	6,459,675	6,380,639	8,760,860	8,033,345	7,301,169	6,379,299
 Total Governmental Activities/Net Position	 \$ 22,831,636	 23,275,477	 22,369,472	 23,211,434	 21,986,309	 21,217,183	 20,461,581	 19,709,512	 18,359,418	 15,708,370

2012 amount was restated for implementation of GASB 63 and 65 and various adjustments.

2014 amount was restated for implementation of GASB 68 and capital assets.

CITY OF FRONTENAC, MISSOURI
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Program revenues:										
Charges for services	\$ 1,597,249	1,571,290	1,718,667	1,628,310	1,600,314	1,475,389	1,268,140	1,466,716	1,453,491	1,607,051
Operating grants and contributions	490,509	380,141	371,978	366,636	186,006	39,028	-	25,500	5,313	5,813
Capital grants and contributions	-	473,152	226,328	433,764	10,800	268,000	-	-	-	-
General revenues:										
Taxes	6,236,551	6,171,422	6,026,642	5,838,889	5,794,793	5,608,144	5,431,544	5,279,416	6,217,408	5,959,000
Federal interest subsidy	55,728	56,998	58,350	59,671	61,453	-	-	-	-	-
Investment income	24,311	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313	571,646
Other	158,215	186,625	155,514	202,494	304,436	320,634	341,045	272,283	358,434	173,660
Total Revenues	<u>8,562,563</u>	<u>8,868,093</u>	<u>8,588,320</u>	<u>8,567,299</u>	<u>7,994,023</u>	<u>7,731,189</u>	<u>7,142,681</u>	<u>7,375,293</u>	<u>8,575,959</u>	<u>8,317,170</u>
EXPENSES										
Administration	716,876	690,213	683,753	701,676	680,559	625,511	610,452	522,248	571,680	542,823
Boards and commissions	15,876	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505	37,219
Building department	265,562	223,745	237,701	248,116	231,358	215,640	205,741	197,783	186,956	178,958
Fire department	2,567,888	2,345,213	2,244,098	2,132,554	2,078,641	1,923,470	1,626,573	1,414,073	1,436,657	1,409,722
Legal department	69,271	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789	94,171
Municipal building	469,960	476,328	482,113	477,265	447,647	289,129	244,894	138,852	132,224	121,327
Municipal court	152,929	137,991	142,625	146,083	148,790	131,482	132,683	133,861	132,650	139,360
Police department	2,779,273	2,434,495	2,689,626	2,485,310	2,428,191	2,778,994	2,482,833	2,467,974	2,395,229	2,462,522
Public works	597,542	561,807	566,957	540,454	525,418	588,472	714,388	976,700	968,723	1,003,364
Stormwater	1,186,140	822,612	402,750	353,390	319,009	217,578	240,688	111,076	46,498	36,936
Interest on long-term debt	185,087	191,161	196,763	202,213	211,595	155,234	55,956	-	-	-
Total Expenses	<u>9,006,404</u>	<u>7,962,088</u>	<u>7,715,746</u>	<u>7,342,174</u>	<u>7,123,260</u>	<u>6,975,587</u>	<u>6,390,612</u>	<u>6,025,199</u>	<u>5,924,911</u>	<u>6,026,402</u>
CHANGE IN NET POSITION	<u>\$ (443,841)</u>	<u>906,005</u>	<u>872,574</u>	<u>1,225,125</u>	<u>870,763</u>	<u>755,602</u>	<u>752,069</u>	<u>1,350,094</u>	<u>2,651,048</u>	<u>2,290,768</u>

CITY OF FRONTENAC, MISSOURI
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 4,834,836	4,684,348	4,291,191	3,959,543	3,415,373	2,972,188	-	-	-	-
Restricted	60,892	67,103	62,667	54,094	44,269	36,258	-	-	-	-
Unassigned	6,921,892	6,927,908	7,121,319	6,922,830	6,895,856	6,745,650	-	-	-	-
Reserved	-	-	-	-	-	-	28,069	21,699	13,493	7,750
Unreserved	-	-	-	-	-	-	9,099,536	8,392,317	7,640,222	6,700,061
Total General Fund	\$ 11,817,620	11,679,359	11,475,177	10,936,467	10,355,498	9,754,096	9,127,605	8,414,016	7,653,715	6,707,811
All Other Governmental Funds										
Nonspendable	\$ -	5,998	-	12,194	11,545	-	-	-	-	-
Restricted	1,569,060	1,528,237	1,236,050	1,037,216	1,026,468	1,399,961	-	-	-	-
Unassigned	(4,710,837)	(4,520,001)	(4,131,378)	(3,847,573)	(3,422,305)	(2,972,188)	-	-	-	-
Reserved	-	-	-	-	-	-	74,589	67,676	57,106	52,997
Unreserved	-	-	-	-	-	-	3,914,529	6,151,771	6,097,341	5,658,569
Total All Other Governmental Funds	\$ (3,141,777)	(2,985,766)	(2,895,328)	(2,798,163)	(2,384,292)	(1,572,227)	3,989,118	6,219,447	6,154,447	5,711,566
Total General And Other Funds	\$ 8,675,843	8,693,593	8,579,849	8,138,304	7,971,206	8,181,869	13,116,723	14,633,463	13,808,162	12,419,377

Note: GASB Statement No.54 was adopted in 2011.

CITY OF FRONTENAC, MISSOURI
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Municipal taxes	\$ 6,489,802	6,434,288	6,281,941	6,096,429	5,800,458	5,605,585	5,431,407	5,283,938	6,213,611	5,797,362
Licenses and permits	569,508	623,589	640,399	532,989	531,805	525,986	419,331	574,301	562,219	575,613
Charges for services (Police, Fire, and EMS)	508,661	509,164	482,222	488,399	442,028	478,070	323,157	281,648	262,655	250,358
Rental income (cell tower leases)	49,418	60,008	60,008	60,008	60,008	60,008	56,879	56,879	86,761	60,815
Police fines and forfeitures	226,789	362,531	510,188	524,253	589,503	434,049	488,287	573,872	591,223	744,406
Intergovernmental (cigarette and fuel tax)	118,247	116,291	112,392	110,058	115,877	122,294	133,075	113,435	151,239	161,614
Grants and MSD contributions	111,000	473,152	226,328	433,764	196,806	307,028	37,516	25,500	5,313	5,813
Investment income	24,311	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313	571,646
Other	435,983	259,621	272,521	283,455	226,982	175,616	150,940	138,864	157,828	149,519
Total Revenues	<u>8,533,719</u>	<u>8,867,109</u>	<u>8,616,840</u>	<u>8,566,890</u>	<u>7,999,688</u>	<u>7,728,630</u>	<u>7,142,544</u>	<u>7,379,815</u>	<u>8,572,162</u>	<u>8,317,146</u>
EXPENDITURES										
Administration	623,717	671,757	617,775	614,175	614,599	549,289	513,866	480,053	530,593	523,805
Board and commissions	15,876	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505	37,219
Building department	253,516	236,684	227,965	251,031	223,181	208,243	202,552	197,533	186,956	179,026
Fire department	2,385,661	2,315,850	2,191,523	2,099,902	2,026,352	1,848,817	1,579,852	1,347,109	1,339,464	1,285,016
Legal department	69,271	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789	94,171
Municipal building	192,721	200,993	195,178	184,802	155,374	137,394	98,421	111,909	117,081	105,552
Municipal court	147,843	143,095	142,763	142,393	148,669	131,431	137,304	135,260	128,952	131,871
Police department	2,572,903	2,630,532	2,574,554	2,411,659	2,399,574	2,642,639	2,462,618	2,376,055	2,303,067	2,328,222
Public works	460,762	473,769	484,258	467,262	441,092	447,257	644,393	887,800	881,735	806,170
Stormwater	147,137	166,770	142,050	137,625	133,706	128,800	124,899	88,210	40,725	19,183
Capital outlay	1,298,407	1,451,038	1,144,963	1,650,524	1,650,339	6,195,344	7,098,498	867,953	1,600,510	1,065,581
Debt service:										
Principal	195,000	190,000	185,000	180,000	175,000	170,000	165,000	-	-	-
Interest	188,655	194,354	199,906	205,306	210,554	154,193	55,262	-	-	-
Issuance costs	-	-	-	-	-	-	45,322	-	-	-
Total Expenditures	<u>8,551,469</u>	<u>8,753,365</u>	<u>8,175,295</u>	<u>8,399,792</u>	<u>8,230,492</u>	<u>12,663,484</u>	<u>13,204,391</u>	<u>6,554,514</u>	<u>7,183,377</u>	<u>6,575,816</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(17,750)</u>	<u>113,744</u>	<u>441,545</u>	<u>167,098</u>	<u>(230,804)</u>	<u>(4,934,854)</u>	<u>(6,061,847)</u>	<u>825,301</u>	<u>1,388,785</u>	<u>1,741,330</u>
OTHER FINANANCING SOURCES										
Issuance of debt	-	-	-	-	-	-	4,520,000	-	-	-
Premium on debt issuance	-	-	-	-	-	-	25,107	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,545,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (17,750)</u>	<u>113,744</u>	<u>441,545</u>	<u>167,098</u>	<u>(230,804)</u>	<u>(4,934,854)</u>	<u>(1,516,740)</u>	<u>825,301</u>	<u>1,388,785</u>	<u>1,741,330</u>
Debt service as a percentage of noncapital expenditures	4.57 %	4.77	5.38	5.66	5.86	5.01	3.61	-	-	-

CITY OF FRONTENAC, MISSOURI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Residential	Commercial	State	Personal Property	Total Assessed Value	Estimated Actual Value	Assessed Value As A Percentage Of Actual Value	Direct Rate**
2016	\$ 182,125,420	\$ 42,152,430	\$ 1,802,750	\$ 20,275,590	\$ 246,356,190	\$ 1,151,114,039	21 %	0.497
2015*	178,710,480	42,092,410	1,950,691	19,733,240	242,486,821	1,131,325,895	21	0.497
2014	175,444,540	40,815,870	1,760,916	19,906,455	237,927,781	1,110,667,247	21	0.498
2013*	175,176,750	40,795,270	1,721,479	17,941,807	235,635,306	1,103,298,918	21	0.496
2012	176,038,020	41,566,600	1,659,201	18,359,854	237,623,675	1,111,496,590	21	0.490
2011*	175,034,390	41,367,320	1,693,418	16,802,630	234,897,758	1,100,919,438	21	0.489
2010	180,207,200	41,783,980	1,552,894	17,424,197	240,968,271	1,131,311,704	21	0.474
2009*	178,331,720	41,784,750	1,508,614	19,249,990	240,875,074	1,126,921,089	21	0.459
2008	185,623,330	42,497,380	1,465,124	20,525,977	250,111,811	1,171,353,297	21	0.435
2007*	181,104,060	42,028,800	1,503,879	21,253,846	245,890,585	1,148,287,178	21	0.434

(1) Source: St. Louis County Assessor, Post-BOE Assessed Values

*Reassessment years

**Commencing in 2003, Missouri State Law required the City to calculate a separate tax rate for residential real estate, agricultural real estate, commercial real estate, and personal property. The tax rate stated above for each year reflects a re-blended rate for the various types of taxable property.

Assessments are based on a percentage of estimated actual values. Real property is classified as residential, commercial or agricultural.

Residential property is assessed at 19%, commercial is assessed at 32%, and agricultural is assessed at 12%. All railroad and utility property is assessed at 32%. All personal property is assessed at 33⅓%.

CITY OF FRONTENAC, MISSOURI
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Taxing Authority	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Frontenac	0.4970	0.4970	0.4980	0.4960	0.4900	0.4890	0.4740	0.4590	0.4350	0.4340
Overlapping Governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
County Total (and segregated below 2009 - 2014)	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5230	0.5230	0.5580	0.5580
County general	0.2060	0.2060	0.2090	0.2090	0.2090	0.2090	0.2090	0.2090	-	-
County health fund	0.1380	0.1380	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	-	-
County park maintenance	0.0490	0.0490	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	-	-
County bond retire	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	-	-
Roads and bridges	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	-	-
St. Louis Community College	0.2185	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003
Special School District	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384	0.9184	0.9084
Metropolitan Zoo Museum District	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344	0.2330
County Library:										
Residential	0.2460	0.2460	0.2500	0.2500	0.1730	0.1630	0.1565	0.1400	0.1400	0.1400
Commercial	0.2630	0.2590	0.2640	0.2640	0.1900	0.1900	0.1887	0.1630	0.1680	0.1500
Agriculture	0.2450	0.2390	0.2790	0.2790	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500
Personal property	0.2250	0.2250	0.2250	0.2250	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
School - Ladue	3.9195	3.5339	3.7000	3.6300	3.6300	3.1000	3.1000	2.9800	2.9800	2.9800
School - Kirkwood:										
Residential	4.1734	4.1377	4.2524	4.2546	4.2841	4.2878	4.1869	4.0842	3.9219	3.9895
Commercial	5.6319	5.7072	5.5436	5.4565	5.4748	5.4067	5.0705	4.6057	4.7404	4.6621
Agriculture	2.6535	2.9202	6.4082	6.5385	5.4338	5.5146	5.2628	5.2722	6.0424	5.7622
Personal property	4.8845	4.8845	4.8845	4.8845	4.8845	4.7584	4.7584	4.3800	4.3800	4.1082
Metropolitan Sewer District	0.1196	0.0876	0.0879	0.0874	0.6350	0.0818	0.0790	-	- *	0.0667
Sewers - Deer Creek:										
Residential	0.0860	0.0830	0.0860	0.0860	0.0840	0.0840	0.0810	-	-	0.0600
Commercial	0.0870	0.0850	0.0870	0.0840	0.0830	0.0820	0.0820	-	-	0.0600
Agriculture	0.0490	0.0490	0.0990	0.1000	0.0790	0.0790	0.0760	-	-	0.0600
Personal property	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	-	-	0.0600
Sheltered Workshop:										
Residential	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690	0.0700
Commercial	0.0900	0.0880	0.0900	0.0900	0.0900	0.0900	0.0850	0.0790	0.0810	0.0790
Agriculture	0.0790	0.0770	0.0900	0.0900	0.0900	0.0900	0.0870	0.0900	0.0900	0.0850
Personal property	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0850

Source: St. Louis County Assessor (rates stated per \$100 assessed valuation)

*All Metropolitan St. Louis Sewer District (MSD) district-wide and sub-district taxes were reduced to zero for 2008. This was due to the implementation of a new impervious area stormwater rate which was overturned by court action.

CITY OF FRONTENAC, MISSOURI
PRINCIPAL TAXPAYERS
MOST RECENT AND NINE YEARS AGO

TAXPAYER	2016			2007		
	Total Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Valuation	Total Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Valuation
Plaza Frontenac Acquisition (formerly Davis Street)	\$ 16,313,190	1	6.62 %	\$ 16,378,910	1	6.66 %
B & F Enterprises, LLC (Le Chateau)	10,282,720	2	4.17	5,209,380	2	2.12
Broad Frontenac Assoc. (Neiman and parking lot)	2,987,170	3	1.21	2,734,910	4	1.11
Frontenac Grove, LLC (formerly BF Joint Venture)	2,478,690	4	1.01	2,944,000	3	1.20
Ameren	1,701,763	5	0.69	1,438,769	5	0.59
Rrh Property Holdings, LLC (Honda lot)	1,522,270	6	0.62	1,173,030	7	0.48
Frontenac Raquet Club, Inc. (Frr Club, LLC)	1,002,420	7	0.41	724,900	8	0.29
Old Frontenac Square, LLC	975,750	8	0.40	1,238,280	6	0.50
Lindway Realty Co. (A Mo Corp.) (Forshaw lot)	774,970	9	0.31	302,140	10	0.12
Southern Real Estate & Financial Co.	736,450	10	0.30	679,910	9	0.28
Total	<u>\$ 38,775,393</u>		<u>15.74 %</u>	<u>\$ 32,824,229</u>		<u>13.35 %</u>

Source: St. Louis County Assessor

CITY OF FRONTENAC, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent Of Levy
2016	2015	\$ 1,241,539	\$ 1,198,015	96.5 %	\$ (5,239)	\$ 1,192,776	96.1 %	\$ 12,970	1.0 %
2015	2014	1,219,722	1,191,292	97.7	1,295	1,192,587	97.8	10,165	0.8
2014	2013	1,204,409	1,177,445	97.8	624	1,178,069	97.8	9,181	0.8
2013	2012	1,188,593	1,173,714	98.7	2,022	1,175,736	98.9	4,894	0.4
2012	2011	1,183,222	1,161,399	98.2	10,529	1,171,928	99.0	5,856	0.5
2011	2010	1,168,213	1,152,603	98.7	14,475	1,167,078	99.9	11,521	1.0
2010	2009	1,176,177	1,119,732	95.2	14,315	1,134,047	96.4	8,962	0.8
2009	2008	1,153,251	1,125,242	97.6	14,408	1,139,650	98.8	8,825	0.8
2008	2007	1,139,294	1,109,950	97.4	17,677	1,127,627	99.0	13,347	1.2
2007	2006	1,118,919	1,060,226	94.8	11,648	1,071,874	95.8	9,550	0.9

(1) Source: St. Louis County Collector's office

(2) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year. St. Louis County will need more time to make system updates to track this information.

CITY OF FRONTENAC, MISSOURI
SALES TAX RATES - DIRECT AND OVERLAPPING
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	St. Louis County	State of Missouri	Direct And Overlapping	Taxable Sales (1)	One-Cent Sales Tax	One-Cent Revenue Shared (2)	Percent Of One-Cent Shared (2)
2016	1.5 %	2.888 %	4.225 %	8.613 %	\$ 224,326,609	\$ 2,243,266	\$ 739,509	32.97 %
2015	1.5	2.888	4.225	8.613	220,367,900	2,203,679	721,329	32.73
2014	1.5	2.888	4.225	8.613	211,554,600	2,115,546	686,459	32.45
2013	1.5	2.888	4.225	8.613	206,053,000	2,060,530	664,111	32.23
2012	1.5	2.888	4.225	8.613	187,142,400	1,871,424	576,306	30.80
2011	1.5	2.700	4.225	8.425	177,139,500	1,771,395	536,579	30.29
2010	1.5	2.200	4.225	7.925	166,694,600	1,666,946	489,386	29.36
2009	1.5	2.100	4.225	7.825	157,482,100	1,574,821	440,689	27.98
2008	1.5	1.850	4.225	7.575	186,920,200	1,869,202	573,140	30.66
2007	1.5	1.850	4.225	7.575	209,063,400	2,090,634	677,906	32.43

(1) Taxable sales reported by the Missouri Department of Revenue. State law prohibits the disclosure of specific taxpayer information.

(2) The City participates in the one-cent county-wide sales tax sharing pool which is generally distributed based a per-capita (population) formula.

Note: The City's direct rate is made up of the following:

- 0.250% Local option sales tax effective April 1994
- 0.500% Capital improvement sales tax effective April 1995
- 0.250% Fire tax effective April 2002
- 0.500% Parks and stormwater sales tax effective April 2005

CITY OF FRONTENAC, MISSOURI
SALES TAX REVENUES
LAST TEN FISCAL YEARS

Fiscal Year	County 1% Sales Tax	City 0.25% General Sales Tax	City 0.25% Fire Sales Tax	City 0.5% Capital Improvements Sales Tax	City 0.5% Parks And Stormwater Sales Tax	Total Sales Tax Revenues
2015 - 2016	\$ 1,503,758	\$ 469,994	\$ 548,573	\$ 932,573	\$ 1,097,145	\$ 4,552,043
2014 - 2015	1,482,350	453,538	529,365	899,922	1,058,730	4,423,905
2013 - 2014	1,429,086	440,896	514,611	874,837	1,029,219	4,288,649
2012 - 2013	1,370,564	422,323	492,853	837,851	985,706	4,109,297
2011 - 2012	1,293,338	391,584	457,107	777,081	914,211	3,833,321
2010 - 2011	1,223,837	367,072	428,965	729,106	858,161	3,607,141
2009 - 2010	1,154,463	345,470	403,372	685,749	806,844	3,395,898
2008 - 2009	1,163,825	349,618	408,153	693,861	816,251	3,431,708
2007 - 2008	1,377,394	430,152	501,891	853,218	971,199	4,133,854
2006 - 2007	1,358,791	428,352	497,646	847,644	1,019,076	4,151,509

	Collection Fee		Pool Sharing
	State	County	Percentage
1% sales tax	-	1 %	27.98 - 32.97* %
0.25% general sales tax	-	1	14.3
0.25% fire sales tax	1	-	No sharing
0.5% capital improvements sales tax	1	-	15.0
0.5% parks and stormwater sales tax	1	-	No sharing

*See page 56.

CITY OF FRONTENAC, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Certificates Of Participation</u>	<u>Percentage Of Personal Income (1)</u>	<u>Per Capita</u>
2016	\$ 3,276,487	1.17 %	941
2015	3,472,780	1.23	997
2014	3,664,073	1.30	1,052
2013	3,850,366	1.37	1,106
2012	4,031,659	1.43	1,158
2011	4,210,107	1.50	1,209
2010	4,380,107	1.56	1,258
2009	-	-	-
2008	-	-	-
2007	-	-	-

Source: Details regarding the City's outstanding debt can be found in the notes to financial statements

(1) See Demographics and Economic Statistics Table

CITY OF FRONTENAC, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Overlapping Debt
St. Louis County	\$ 101,310,000	1.16 %	\$ 1,179,581
Kirkwood School District	46,745,000	1.03	483,454
Ladue School District	167,634,976	11.43	19,154,826
Subtotal	315,689,976		20,817,862
City of Frontenac	3,276,487	100.00	3,276,487
Total Direct And Overlapping Debt	\$ 318,966,463		\$ 24,094,349

Source: Information was obtained by contacting the taxing jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

CITY OF FRONTENAC, MISSOURI
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessed valuation	<u>\$ 246,356,190</u>	<u>242,486,821</u>	<u>237,927,781</u>	<u>235,635,306</u>	<u>237,623,675</u>	<u>234,897,758</u>	<u>240,968,271</u>	<u>240,875,074</u>	<u>250,111,811</u>	<u>245,890,585</u>
Debt limit	\$ 24,635,619	24,248,682	23,792,778	23,563,531	23,762,368	23,489,776	24,096,827	24,087,507	25,011,181	24,589,059
Net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 24,635,619</u>	<u>\$ 24,248,682</u>	<u>23,792,778</u>	<u>23,563,531</u>	<u>23,762,368</u>	<u>23,489,776</u>	<u>24,096,827</u>	<u>24,087,507</u>	<u>25,011,181</u>	<u>24,589,059</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

Certificates of participation (COPS) debt does not apply to the limit. Only general obligation (GO) debt applies to the limit.

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.

CITY OF FRONTENAC, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Median Age (1)	Household Income (1), (2)	Per Capita Income (1), (2)	Median House Value (2)	Ladue District Enrollment (3)	Kirkwood District Enrollment (3)	Unemployment Rate (4)	
								The City Of Frontenac	State Of Missouri
2016	3,482	49.2	\$ 154,162	\$ 80,768	\$ 672,200	N/A	N/A	1.1 %*	5.5 %**
2015	3,482	49.2	154,162	80,768	672,200	N/A	N/A	1.2	5.6
2014	3,482	49.2	154,162	80,768	672,200	504	50	1.3	6.5
2013	3,482	49.2	154,162	80,768	672,200	475	58	1.2	6.5
2012	3,482	49.2	154,162	80,768	672,200	472	53	1.2	7.0
2011	3,482	49.2	154,162	80,768	672,200	436	57	1.5	8.4
2010	3,482	49.2	154,162	80,768	672,200	430	66	1.7	9.4
2009	3,483	46.0	119,508	64,532	442,400	430	55	1.7	9.3
2008	3,483	46.0	119,508	64,532	442,400	411	49	1.1	6.1
2007	3,483	46.0	119,508	64,532	442,400	398	N/A	0.9	5.0

Source:

- (1) U.S. Bureau of Census
- (2) City Data
- (3) Above Named School Districts
- (4) Missouri Department of Economic Development

*Nine month average

**Seven month average

CITY OF FRONTENAC, MISSOURI
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	Total Number Of Permits	Total Construction Value	Permit Revenue	Commercial Estimated Construction Cost	Residential Estimated Construction Cost
2015 - 2016	205	\$ 24,832,154	\$ 160,012	\$ 4,079,219	\$ 20,752,935
2014 - 2015	222	32,266,106	217,197	3,038,587	29,227,519
2013 - 2014	184	15,973,246	152,834	1,891,933	14,081,313
2012 - 2013	149	11,406,308	114,136	2,232,974	9,173,334
2011 - 2012	161	10,628,533	94,418	3,173,614	7,454,919
2010 - 2011	148	17,447,171	116,835	6,559,443	10,887,728
2009 - 2010	123	17,635,340	61,380	10,629,707	7,005,633
2008 - 2009	118	13,047,430	101,681	1,892,342	11,155,088
2007 - 2008	31	6,448,280	84,654	275,000	6,173,280
2006 - 2007	-	-	110,411	-	-

Source: City's financial accounting software and prior City audits

CITY OF FRONTENAC, MISSOURI
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neiman Marcus	215	1	203	2
Hilton Hotel	197	2	195	3
Saks Fifth Ave.	149	3	179	4
Oak Hill Villa	128	4	144	5
Wells Fargo	90	5	115	6
Mercy Center	93	6	-	-
St. Joseph Academy	83	7	90	10
Brio	88	8	100	7
Cardwell's	62	9	90	9
City of Frontenac	54	10	-	-
Shriners	-	-	277	1
Ladue ECC School	-	-	91	8
Total	<u>1,159</u>		<u>1,484</u>	

Source: Business License Database

CITY OF FRONTENAC, MISSOURI
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Administrative services	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Finance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court*	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.50	1.50
Building Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police:										
Officers	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Civilians**	1.00	1.00	1.00	1.00	1.00	6.00	6.00	6.00	6.00	6.00
Fire:										
Firefighters/EMS***	20.00	20.00	20.00	20.00	20.00	20.00	20.00	14.00	14.00	14.00
Public works										
Street and building maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Stormwater:										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerical	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total	<u>53.75</u>	<u>53.75</u>	<u>53.75</u>	<u>53.75</u>	<u>53.75</u>	<u>58.75</u>	<u>58.75</u>	<u>52.75</u>	<u>52.50</u>	<u>52.50</u>

Source: City payroll records

*Ratios less than one indicate a part time person

**A joint police and emergency dispatch service began operations during 2011 for contracted dispatching service.

***Fire employees were hired in April 2010 to meet ISO requirements (needed for residential insurance coverage) and ambulance service.

CITY OF FRONTENAC, MISSOURI
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police:										
Arrests	120	199	324	358	437	520	546	602	683	859
Traffic violations	1,556	1,982	3,005	3,838	3,494	4,723	3,473	4,094	3,546	4,511
Reports	720	776	704	829	917	1,004	1,003	1,071	1,231	1,323
Vehicle accidents	474	462	233	255	245	213	218	186	171	209
Calls for service	11,978	12,488	11,931	15,568	15,308	16,799	19,003	21,706	24,061	23,992
Fire:										
EMS calls	436	441	334	388	411	343	345	313	313	327
Fire calls	676	673	502	575	595	442	471	460	516	640
Inspections	289	329	288	267	283	247	244	304	287	239
Training hours	2,225	2,163	1,560	1,701	2,363	2,648	2,360	1,802	1,886	2,884
City ambulance transports	298	320	267	312	332	317	273	N/A	N/A	N/A
Planning and Building:										
Building permits issued	205	222	184	149	161	148	123	118	31	-
Licensing:										
Business licenses issued	262	293	281	273	266	271	240	278	285	300
Liquor licenses issued	14	20	16	16	14	15	15	13	14	14
Itinerant merchant licenses	2	5	8	2	7	7	6	3	6	-
Finance:										
Accounts payable processed	2,951	2,843	2,222	2,276	2,077	2,173	2,106	1,354	1,892	2,346
Payroll payments issued	1,404	1,410	1,460	1,454	1,414	1,568	1,500	1,376	1,388	1,362
Alarm monitoring clients	285	298	291	298	296	298	285	277	315	323
Municipal Court:										
Traffic violation revenues	\$ 123,635	357,772	478,696	497,330	-	-	-	-	-	-
Total operating revenues	\$ 5,363,191	5,425,644	5,504,183	5,368,142	-	-	-	-	-	-
Percent of traffic violation revenues to total operating revenues	2 %	7	9	9	-	-	-	-	-	-

Source: City records - various departments listed

CITY OF FRONTENAC, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Buildings	2	2	2	2	2	2	2	4	4	4
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	10	10	10	10	10	10	10	10	10
Squads	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	6	6	6
Squads	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets										
Public	6	6	6	6	6	6	6	6	6	6
Private	49	49	49	49	49	49	49	49	49	49
State and County	19	19	19	19	19	19	19	19	19	19
Number of street lights	8	8	8	8	8	8	8	7	7	7
Vehicles	3	3	3	3	3	3	3	3	3	3

Source: City records - various departments listed

**SECTION IV - INTERNAL CONTROL AND
COMPLIANCE SECTION**



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

December 20, 2016

Honorable Mayor and Members of the Board of Aldermen
CITY OF FRONTENAC, MISSOURI

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF FRONTENAC, MISSOURI** (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS