

CITY OF FRONTENAC



Comprehensive Annual Financial Report

For The Year Ended June 30, 2017

CITY OF FRONTENAC, MISSOURI

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**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017**

Prepared by:
Finance Department
Lea Ann Bennett, CPA, Finance Officer

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FINANCIAL REPORT

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SECTION I - INTRODUCTORY SECTION

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CITY OF FRONTENAC



Margot Martin
Mayor

Bob Shelton
City Administrator

December 18, 2017

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, 2017 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 auditor's 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 3,482 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 other year. 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 2017 was 0.8% compared to 4.4% nationally. The department of labor forecasts the unemployment rate will remain in the 4-5% range through fiscal year 2018.

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 2017, the median sale price of a

single family home in the vicinity of the City of Frontenac was \$762,400 and median list price \$1.1 million dollars.

Due to its careful long-term 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 0.4% 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 were below budget expectations and the prior year by 11% and 5%, respectively. Sales tax revenue growth, net of sharing, averaged 4.9% for the five-year period 2012 to 2016, but in 2017 increased to only 2.9% average growth for the five year period 2013 to 2017. 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 \$219,000 below budget in 2017.

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 89.9% of the 2017-18 General Fund budget and 73.6% of the Capital and General funds' combined 2018 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 81.5% 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 expenses 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 2.0% to the City’s health insurance costs for 2018. This increase is significantly below industry standards, which averaged 6% increases. The City’s actual cost of the increase for 2017-18 was more than offset by a surplus distribution of prior year premiums from SLAIT.
- The City successfully negotiated for no increase in dental insurance rates while increasing benefits for employees.

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 61.1% of operational expenditures and 60.0% of total expenditures), reflecting a ten-year increase of 7.7% for fire/EMS and 2.3% 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 22.5%, reflecting a ten-year increase of 3.3%) 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 government 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.

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. Without a significant influx of additional revenue, fund balance will drop below 25% of operating expenses in the year 2021-2022. The base version takes into account the impending development of the Shriner's site, as well as expected residential development of the Ladue Early Childhood Center site.

The Ways and Means Committee has suggested a property tax increase to the Board of Aldermen. A second long-term projection assumes the tax increase is approved by the voters in 2018. Taking this into account, the model projects fund balance to drop below 25% of operating expenses in the year 2024-2025.

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 2016-17 were significantly below original estimates. 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 Mayor convened a task force consisting of members of the Ways and Means Committee and Board of Aldermen. The task force reviewed many options and projections, and recommended a ballot issue to increase the real and personal property tax by \$0.35 per \$100 of assessed valuation. A resident survey in 2015 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. Beginning with 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. One anticipated retirement payout is included in the Fire Department line item for salaries. For budget year 17-18, the fund balance ratio is projected to be 127.0% of operational expenditures which surpasses the fund balance target by 77.0%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial reports (CAFR) for the fiscal year ended June 30, 2016. This was the third consecutive year that the City has achieved 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 GAAP 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 Bennett, CPA
Finance Officer

CITY OF FRONTENAC, MISSOURI
CITY OFFICIALS

Elected Officials:

MAYOR

Margot Martin

BOARD OF ALDERMEN

Brian Warner, Ward I
Dan Kemper, Ward I
Jamie Griesedieck, Ward II
Nalini Mahadevan, 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 Bennett, CPA

CITY CLERK

Leesa Ross

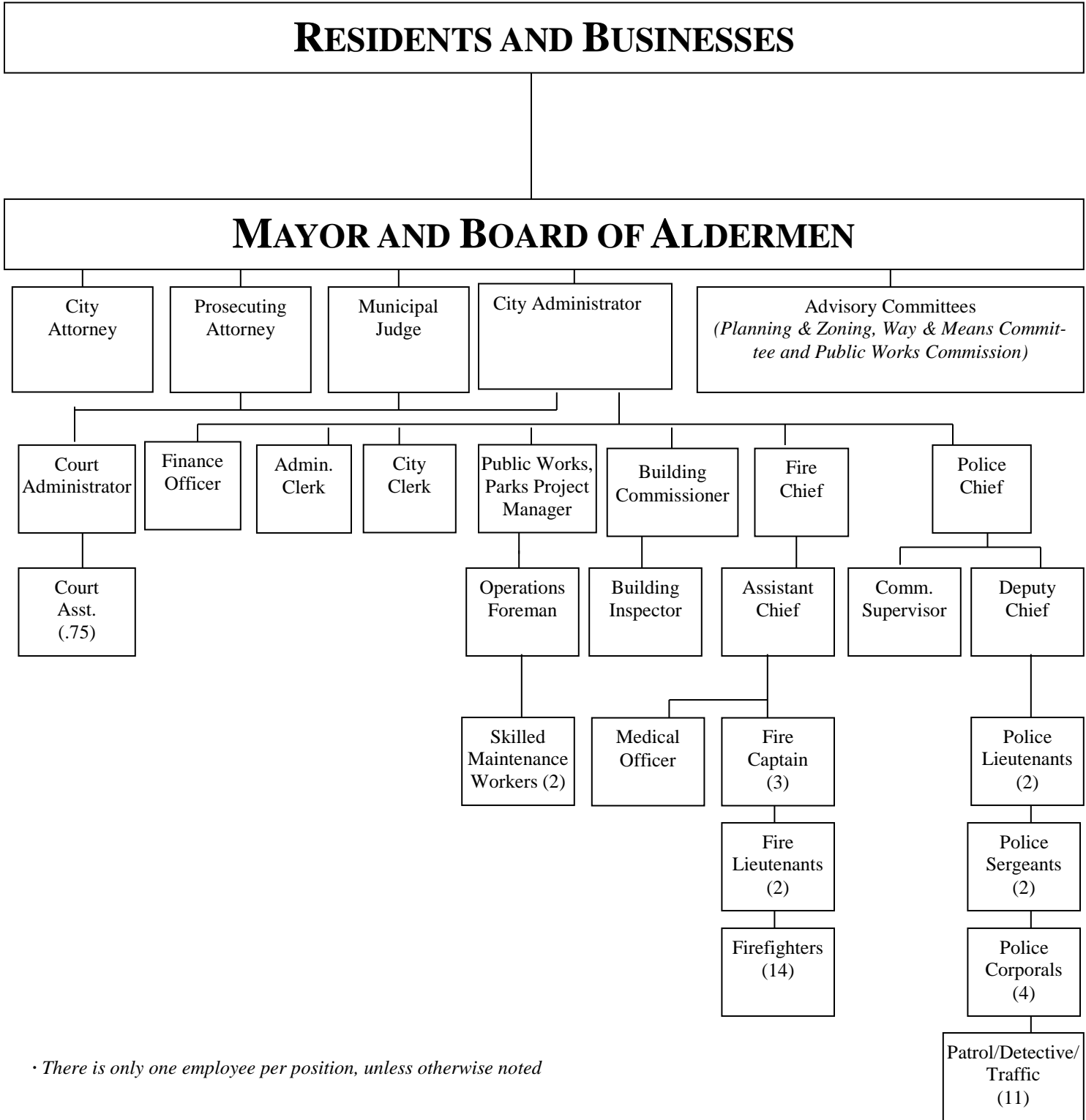
PUBLIC WORKS DIRECTOR

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, 2016

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 18, 2017

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, 2017, 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, 2017, 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental 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 18, 2017 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, 2017

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, 2017. 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 \$20,811,484 (net position). The City had unrestricted net position totaling \$9,981,367.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,604,636, a decrease of \$1,071,207 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,473,926 or 109% of total General Fund expenditures.
- The City's total long-term liabilities decreased \$146,407 during the most recent fiscal year mainly due to normal annual debt service payments and an increase 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, 2017**

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, 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, 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 which closed during the current fiscal year. 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 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 \$20,811,484 at the close of the most recent fiscal year.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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		2017 Change	
	2017	2016	Amount	Percent
ASSETS				
Current and other assets	\$ 11,884,186	11,888,160	(3,974)	- %
Capital assets	13,219,429	13,616,607	(397,178)	(2.9)
Total Assets	<u>25,103,615</u>	<u>25,504,767</u>	<u>(401,152)</u>	(1.6)
DEFERRED OUTFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>1,014,780</u>	<u>2,278,578</u>	<u>(1,263,798)</u>	(55.5)
LIABILITIES				
Other liabilities	733,438	965,659	(232,221)	(24.0)
Long-term liabilities	<u>3,551,350</u>	<u>3,697,757</u>	<u>(146,407)</u>	(4.0)
Total Liabilities	<u>4,284,788</u>	<u>4,663,416</u>	<u>(378,628)</u>	(8.1)
DEFERRED INFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>1,022,123</u>	<u>288,293</u>	<u>733,830</u>	254.5
NET POSITION				
Net investment in capital assets	10,144,235	10,340,120	(195,885)	(1.9)
Restricted	685,882	1,629,952	(944,070)	(57.9)
Unrestricted	<u>9,981,367</u>	<u>10,861,564</u>	<u>(880,197)</u>	(8.1)
Total Net Position	<u>\$ 20,811,484</u>	<u>22,831,636</u>	<u>(2,020,152)</u>	(8.8) %

Governmental activities. Governmental activities decreased the City's net position by \$2,020,152.

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

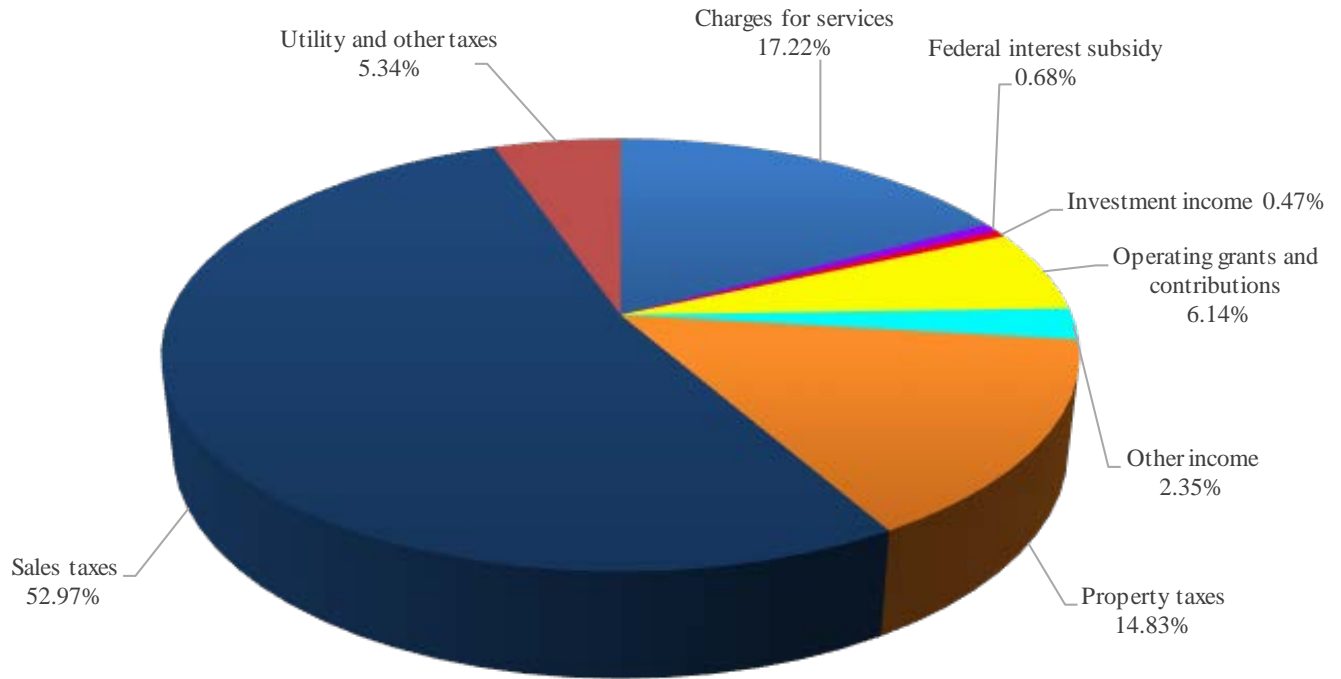
**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	For The Years Ended June 30		2017 Change	
	2017	2016	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 1,437,497	1,597,249	(159,752)	(10.0) %
Operating grants and contributions	512,689	490,509	22,180	4.5
General revenues:				
Taxes	6,107,322	6,236,551	(129,229)	(2.1)
Federal interest subsidy	57,224	55,728	1,496	2.7
Investment income	39,049	24,311	14,738	60.6
Other	195,909	158,215	37,694	23.8
Total Revenues	<u>8,349,690</u>	<u>8,562,563</u>	<u>(212,873)</u>	<u>(2.5)</u>
EXPENSES				
Administration	759,311	716,876	42,435	5.9
Boards and commissions	15,843	15,876	(33)	(0.2)
Building department	251,356	265,562	(14,206)	(5.3)
Fire department	2,949,483	2,567,888	381,595	14.9
Legal department	79,075	69,271	9,804	14.2
Municipal building	464,032	469,960	(5,928)	(1.3)
Municipal court	125,229	152,929	(27,700)	(18.1)
Police department	2,840,140	2,779,273	60,867	2.2
Public works	579,435	597,542	(18,107)	(3.0)
Stormwater	2,127,483	1,186,140	941,343	79.4
Interest on long-term debt	178,455	185,087	(6,632)	(3.6)
Total Expenses	<u>10,369,842</u>	<u>9,006,404</u>	<u>1,363,438</u>	<u>15.1</u>
CHANGE IN NET POSITION	(2,020,152)	(443,841)	(1,576,311)	(355.2)
NET POSITION, JULY 1	<u>22,831,636</u>	<u>23,275,477</u>	<u>(443,841)</u>	<u>(1.9)</u>
NET POSITION, JUNE 30	<u>\$ 20,811,484</u>	<u>22,831,636</u>	<u>(2,020,152)</u>	<u>(8.8) %</u>

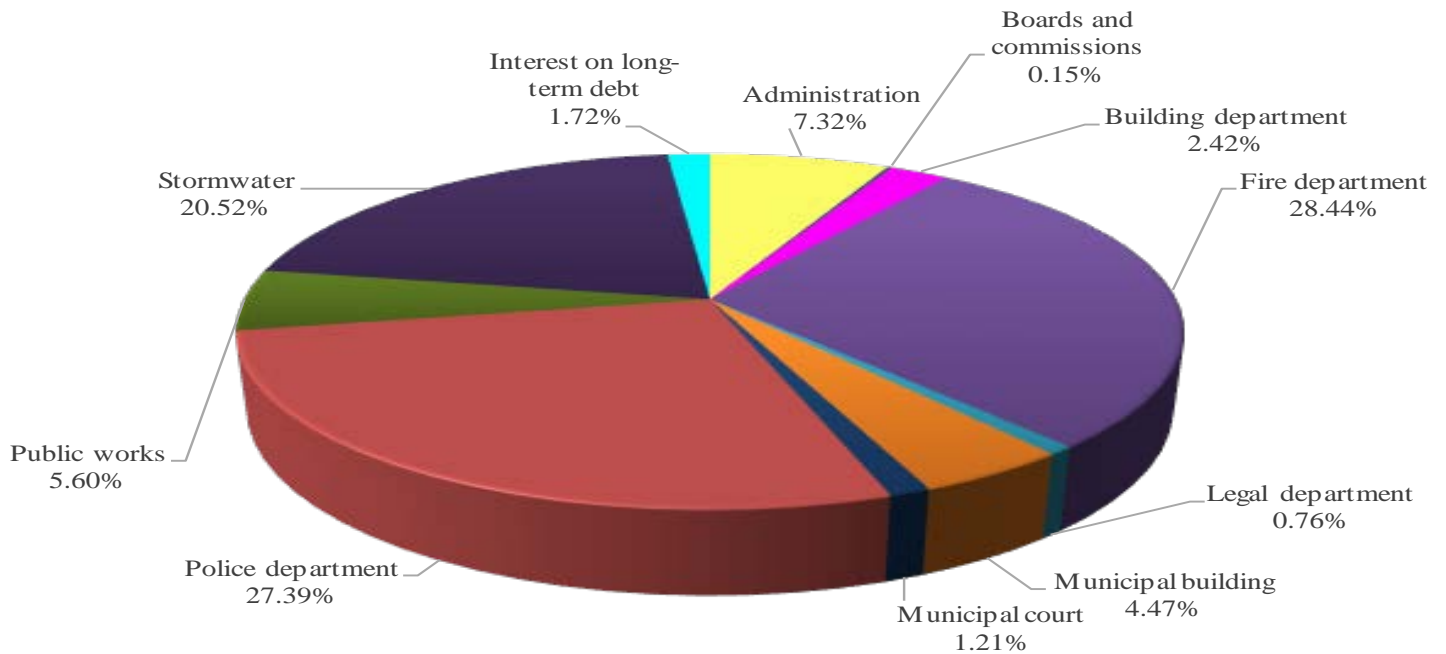
Revenues decreased mainly due to decreases in charges for services related to court revenues and reductions in sales taxes. Expenses for the Fire Department increased mainly due to pension expense and dispatching services. Expenses for the stormwater accounts increased mainly due to increased construction and engineering costs for various stormwater projects.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Revenues by Source



Expenses by Department



**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$7,604,636, a decrease of \$1,071,207 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 \$6,473,926, while total fund balance reached \$11,849,394. 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 109% of total General Fund expenditures, while total fund balance represents 200% of that same amount. The fund balance of the General Fund increased by \$31,774 during the current fiscal year. This increase is due to normal revenues and expenditures.

The Stormwater Fund balance decreased \$941,718 during the fiscal year to \$627,342 due to increased stormwater projects during the course of the year.

The Capital Improvement Fund balance decreased \$161,263 during the fiscal year to a deficit of \$4,872,100. 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 2017 mainly due to sales and utilities taxes coming in lower than expected. The total revenue variance was unfavorable by 5.8% and the expenditures variance was favorable by 2.0%.

CAPITAL ASSETS

The City has invested, net of accumulated depreciation, \$13,219,429 at June 30, 2017, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$397,178 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, 2017**

	June 30	
	2017	2016
Land	\$ 26,900	26,900
Buildings and other improvements	9,271,638	9,548,342
Office furniture and equipment	7,389	6,754
Machinery and equipment	753,525	786,523
Infrastructure	3,159,977	3,248,088
	<u>\$ 13,219,429</u>	<u>13,616,607</u>
Total Capital Assets	<u>\$ 13,219,429</u>	<u>13,616,607</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	
	2017	2016
Certificates of participation	\$ 3,060,000	3,260,000
Plus - Premium	15,194	16,487
Compensated absences	476,156	421,270
	<u>\$ 3,551,350</u>	<u>3,697,757</u>
Total Long-term Debt	<u>\$ 3,551,350</u>	<u>3,697,757</u>

Compensated absences, or accrued vacation and compensatory time, increased \$54,886 or 13% over the prior fiscal year. The City added one fire employee in the current year and gave varied raises based on merit. Employees also earn sick leave, but accrued sick leave is not payable at termination. Upon eligible retirement, sick leave may be converted to compensation. During the current fiscal year, one long-term employee became eligible retirement age and the City accrued the liability for their sick leave.

Certificates of participation outstanding relate to the City government center project from 2009.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2017 revenue performance as a whole fell short of expectations, with a 12.8% decrease under budget as a final result. Excluding grants and MSD project contributions, performance was 6.7% under budget. The City's sales tax revenue for all funds combined underperformed budget by 11.4%. Positive revenue performance compared to budget was notable for PILOT and investment revenues. The new revenue budget for 2018 has a negative (7.6%) growth rate for total revenues, well below the regional economy growth for the St. Louis area CPI of 1.0% for the prior 2017 year. Sales tax is projected to decline by 8.5% from the 2016-17 budget. An ongoing partnership with MSD produces \$555,000 in revenue available for storm water projects scheduled on Oak Valley and Georgian Acres. 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.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Overall expenditures for 2017 were 7.9% lower than budget for all funds and 11.7% lower than budget for capital and general funds combined. Savings occurred in the following areas: salaries and benefits in all departments, legal services, and capital outlay.

General and Capital Fund operational expenditures for the new budget year of 2018 are expected to increase by 4.1%. Total personnel expenditures are projected to be up by 3.7%. The 2018 General Fund capital budgets include funding for computer equipment, a fire pumper, police vehicles, and police vehicle equipment. The 2018 Capital Improvement Fund budget includes funding for various street patching. The 2018 storm water budget includes funding for storm water projects on Georgian Acres.

Net loss for all funds in 2017 of \$(1,083,977) is mainly attributable to storm water projects. The 2018 net income adjustment to fund balance at year-end for Capital and General Funds combined is budgeted to decrease by \$343,841 to \$6,633,453. The Parks and Storm Water Fund is projected to decrease by \$4,042 to \$623,300.

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 12 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 expenses during the next few years. Without a significant influx of additional revenue, fund balance will drop below 25% of operating expenses in the year 2022. The base version takes into account the impending development of the Shriner's site, as well as expected residential development of the Ladue Early Childhood Center site.

The Ways & Means Committee has suggested a property tax increase of \$0.35 to the Board of Aldermen. A second long term projection assumes the tax increase is approved by the voters in 2018. Taking this into account, the model projects fund balance to drop below 25% of operating expenses in the year 2025.

The 20-year planning model assisted the City in receiving the AAA issuer credit rating from Standard & Poor's during its bond issue in October, 2009. This 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, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 6,606,948
Receivables, net:	
Municipal taxes	868,755
Intergovernmental	51,516
Other	115,094
Municipal court	4,935
Cash - restricted	404,019
Deposit	261,109
Prepaid items	46,882
Net pension asset	3,524,928
Capital assets:	
Land	26,900
Other capital assets, net of accumulated depreciation	13,192,529
Total Assets	25,103,615
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,014,780
 LIABILITIES	
Accounts payable	53,354
Accrued interest	58,527
Wages payable	160,221
Payroll withholdings	57,817
Escrow funds payable	403,519
Noncurrent liabilities:	
Due within one year	448,078
Due in more than one year	3,103,272
Total Liabilities	4,284,788
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,022,123
 NET POSITION	
Net investment in capital assets	10,144,235
Restricted for:	
Law enforcement training	58,540
Stormwater projects	584,047
Sewer lateral projects	43,295
Unrestricted	9,981,367
Total Net Position	\$ 20,811,484

CITY OF FRONTENAC, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		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	\$ 759,311	559,832	-	-	(199,479)
Boards and commissions	15,843	-	-	-	(15,843)
Building department	251,356	149,678	-	-	(101,678)
Fire department	2,949,483	280,735	-	-	(2,668,748)
Legal department	79,075	-	-	-	(79,075)
Municipal building	464,032	-	-	-	(464,032)
Municipal court	125,229	-	-	-	(125,229)
Police department	2,840,140	410,273	-	-	(2,429,867)
Public works	579,435	36,979	402,689	-	(139,767)
Stormwater	2,127,483	-	110,000	-	(2,017,483)
Interest on long-term debt	178,455	-	-	-	(178,455)
Total Governmental Activities	\$ 10,369,842	1,437,497	512,689	-	(8,419,656)
General Revenues					
Taxes:					
Property					1,238,192
Sales					4,423,266
Utility					436,625
Other					9,239
Federal interest subsidy					57,224
Investment income					39,049
Other					195,909
Total General Revenues					6,399,504
CHANGE IN NET POSITION					(2,020,152)
NET POSITION, JULY 1					22,831,636
NET POSITION, JUNE 30					\$ 20,811,484

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 6,153,465	453,483	-	6,606,948
Receivables, net:				
Municipal taxes	500,410	199,022	169,323	868,755
Intergovernmental	32,445	-	-	32,445
Other	115,094	-	-	115,094
Municipal court	4,935	-	-	4,935
Cash - restricted	404,019	-	-	404,019
Deposit	-	-	261,109	261,109
Prepaid items	46,522	120	240	46,882
Due from other funds	5,270,406	-	-	5,270,406
	<u>5,270,406</u>	<u>-</u>	<u>-</u>	<u>5,270,406</u>
Total Assets	<u>\$ 12,527,296</u>	<u>652,625</u>	<u>430,672</u>	<u>13,610,593</u>
LIABILITIES				
Accounts payable	\$ 13,162	17,083	23,109	53,354
Wages payable	149,648	4,230	6,343	160,221
Payroll withholdings	50,933	3,970	2,914	57,817
Due to other funds	-	-	5,270,406	5,270,406
Escrow funds payable	403,519	-	-	403,519
Total Liabilities	<u>617,262</u>	<u>25,283</u>	<u>5,302,772</u>	<u>5,945,317</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	12,561	-	-	12,561
PILOTS	48,079	-	-	48,079
Total Deferred Inflows Of Resources	<u>60,640</u>	<u>-</u>	<u>-</u>	<u>60,640</u>
FUND BALANCES				
Nonspendable:				
Deposit	-	-	261,109	261,109
Prepaid items	46,522	120	240	46,882
Long-term interfund amounts	5,270,406	-	-	5,270,406
Restricted for:				
Law enforcement training	58,540	-	-	58,540
Stormwater projects	-	583,927	-	583,927
Sewer lateral projects	-	43,295	-	43,295
Unassigned	6,473,926	-	(5,133,449)	1,340,477
Total Fund Balances	<u>11,849,394</u>	<u>627,342</u>	<u>(4,872,100)</u>	<u>7,604,636</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 12,527,296</u>	<u>652,625</u>	<u>430,672</u>	<u>13,610,593</u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Governmental Funds	\$ 7,604,636
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$17,065,239 and the accumulated depreciation is \$3,845,810.	13,219,429
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.	60,640
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension asset	3,524,928
Deferred outflows related to pensions	1,014,780
Deferred inflows related to pensions	(1,022,123)
Interest subsidy receivable	19,071
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued compensated absences	(476,156)
Accrued interest payable	(58,527)
Certificates of participation	(3,060,000)
Unamortized bond premium	(15,194)
Total Net Position Of Governmental Activities	<u>\$ 20,811,484</u>

CITY OF FRONTENAC, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Municipal taxes	\$ 4,192,418	1,049,802	1,144,943	6,387,163
Intergovernmental	118,713	110,000	9,750	238,463
Licenses	549,309	-	-	549,309
Police and fire protection	500,556	-	-	500,556
Police fines	170,329	-	-	170,329
Investment income	39,049	-	-	39,049
Federal interest subsidy	-	-	57,244	57,244
Other	365,708	36,979	2	402,689
Total Revenues	<u>5,936,082</u>	<u>1,196,781</u>	<u>1,211,939</u>	<u>8,344,802</u>
EXPENDITURES				
Current:				
Administration	595,731	-	50,334	646,065
Board and commissions	15,843	-	-	15,843
Building department	234,165	-	1,854	236,019
Fire department	2,328,559	-	69,953	2,398,512
Legal department	79,075	-	-	79,075
Municipal building	-	-	189,366	189,366
Municipal court	121,070	-	-	121,070
Police department	2,542,635	-	67,245	2,609,880
Public works	-	47,273	422,615	469,888
Stormwater	-	149,303	-	149,303
Capital outlay	-	1,941,923	190,004	2,131,927
Debt service:				
Principal	-	-	200,000	200,000
Interest	-	-	181,831	181,831
Total Expenditures	<u>5,917,078</u>	<u>2,138,499</u>	<u>1,373,202</u>	<u>9,428,779</u>
REVENUES UNDER EXPENDITURES	19,004	(941,718)	(161,263)	(1,083,977)
OTHER FINANCING SOURCES				
Sale of capital assets	12,770	-	-	12,770
NET CHANGE IN FUND BALANCES	31,774	(941,718)	(161,263)	(1,071,207)
FUND BALANCES (DEFICIT), JULY 1	<u>11,817,620</u>	<u>1,569,060</u>	<u>(4,710,837)</u>	<u>8,675,843</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 11,849,394</u>	<u>627,342</u>	<u>(4,872,100)</u>	<u>7,604,636</u>

See notes to financial statements

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, 2017

Net Change In Fund Balances - Governmental Funds \$ (1,071,207)

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 \$478,193 exceeded capital outlays over the capitalization threshold totaling \$94,147 in the current period. (384,046)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations):
 Cost of disposals, net of accumulated depreciation (13,132)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 4,908

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 200,000

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 (54,886)
 Accrued interest on debt 2,063
 Pension expense (705,145)

Change In Net Position Of Governmental Activities \$ (2,020,152)

CITY OF FRONTENAC, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
JUNE 30, 2017

ASSETS

Cash	<u>\$ 2,150</u>
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LIABILITIES

Due to others:	
Court appearance bonds	<u>\$ 2,150</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.

Stormwater Fund -- The Stormwater Fund is a Special Revenue Fund used to account for the financial resources from the ½ cent stormwater sales tax and sewer lateral assessments. The revenues are to be used for 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 \$24,106, and ambulance revenues are shown net of an allowance for uncollectibles of \$24,283. 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, 2017, the City had gross charges totaling \$260,799. The gross charges were reduced by amounts disallowed by the insurance companies, Medicare, and Medicaid totaling \$85,663, uncollectible amounts (amounts referred to collections) totaling \$36,053, and a refund amount of \$1,184.

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 asset/liability, 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, 2017, 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, 2017, 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>	
Certificates of deposit	\$ 245,000	-	245,000	-	N/A
Money market funds	5,109,409	5,109,409	-	-	Not rated
Government securities:					
Federal National Mortgage Association	525,000	-	525,000	-	AAA
Total Investments	<u>\$ 5,879,409</u>	<u>5,109,409</u>	<u>770,000</u>	<u>-</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.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2017, the City had the following investment concentrations:

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments	Fair Value	Percent Of Total Investments
Money market funds - certain banks greater than 5%	\$ 5,075,878	86.33 %
Federal National Mortgage Association	525,000	8.93

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, 2017:

- Federal National Mortgage Association government securities of \$525,000 are valued using other observable inputs (Level 2)
- Money market funds of \$5,109,409 are not subject to fair value level classification
- Certificates of deposit of \$245,000 are not subject to fair value level classification

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended June 30, 2017

	Balance June 30 2016	Increases	Decreases	Balance June 30 2017
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	5,675	-	95,954
Machinery and equipment	1,909,736	88,472	43,217	1,954,991
Infrastructure	3,860,868	-	-	3,860,868
Total Capital Assets Being Depreciated	<u>16,987,409</u>	<u>94,147</u>	<u>43,217</u>	<u>17,038,339</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	1,578,184	276,704	-	1,854,888
Office furniture and equipment	83,525	5,040	-	88,565
Machinery and equipment	1,123,213	108,338	30,085	1,201,466
Infrastructure	612,780	88,111	-	700,891
Total Accumulated Depreciation	<u>3,397,702</u>	<u>478,193</u>	<u>30,085</u>	<u>3,845,810</u>
Total Capital Assets Being Depreciated, Net	<u>13,589,707</u>	<u>(384,046)</u>	<u>13,132</u>	<u>13,192,529</u>
Total Capital Assets, Net	<u>\$ 13,616,607</u>	<u>(384,046)</u>	<u>13,132</u>	<u>13,219,429</u>

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

	For The Year Ended June 30 2017
Administration	\$ 675
Building department	4,161
Fire department	46,854
Municipal building	273,733
Police department	37,506
Public works	87,777
Stormwater	27,487
Total	<u>\$ 478,193</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 supplemental 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 employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police 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.

2017 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>50</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 of the city do not contribute to the pension plan. The City contribution rates are 7.0% (General), 10.9% (Police), and 0.4% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% 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 actuarial assumptions used in the February 28, 2017 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>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.29%
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic assets	10.00	5.73

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</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability (Asset)</u> <u>(a)-(b)</u>
Balances at June 30, 2016	<u>\$ 17,325,949</u>	<u>19,558,394</u>	<u>(2,232,445)</u>
Changes for the year			
Service cost	444,045	-	444,045
Interest	1,253,845	-	1,253,845
Difference between expected and actual experience	(901,366)	-	(901,366)
Contributions - employer	-	250,536	(250,536)
Net investment income	-	2,244,989	(2,244,989)
Benefit payments, including refunds	(508,227)	(508,227)	-
Administrative expense	-	(7,081)	7,081
Other changes	-	(399,437)	399,437
Net Changes	<u>288,297</u>	<u>1,580,780</u>	<u>(1,292,483)</u>
Balances at June 30, 2017	<u>\$ 17,614,246</u>	<u>21,139,174</u>	<u>(3,524,928)</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)	(\$ 895,585)	(3,524,928)	(5,696,498)

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

For the year ended June 30, 2017, the City recognized pension expense of \$955,681. 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	\$ 36,636	(1,022,123)	(985,487)
Assumption changes	365,183	-	365,183
Excess (deficit) investment returns	612,961	-	612,961
Total	<u>\$ 1,014,780</u>	<u>(1,022,123)</u>	<u>(7,343)</u>

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

**For The Plan
Years Ending
June 30**

2018		\$ 245,600
2019		245,598
2020		39,225
2021		(274,153)
2022		(94,989)
Thereafter		<u>(168,624)</u>
Total		<u>\$ (7,343)</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, 2017				Due Within One Year
	Balance June 30 2016	Additions	Deletions	Balance June 30 2017	
Certificates of participation	\$ 3,260,000	-	200,000	3,060,000	210,000
Plus - premium	16,487	-	1,293	15,194	-
Compensated absences	421,270	496,108	441,222	476,156	238,078
Total	<u>\$ 3,697,757</u>	<u>496,108</u>	<u>642,515</u>	<u>3,551,350</u>	<u>448,078</u>

The compensated absences are generally liquidated by the General Fund, 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
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	240,000	127,357	367,357
2023 - 2027	1,330,000	425,759	1,755,759
2028 - 2029	610,000	55,475	665,475
Total	<u>\$ 3,060,000</u>	<u>1,240,496</u>	<u>4,300,496</u>

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, 2017 were \$50,600.

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, 2017, the City paid \$232,098 to WCDC, which included \$12,628 for phone and internet charges.

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

NOTE I - DEPOSIT

The City prepaid a deposit in the amount of \$261,109 for a fire truck. The truck will be placed in service during the next fiscal year for a total cost of \$611,563.

NOTE J - RESTRICTED NET POSITION

The government-wide statement of net position reports \$685,882 of restricted net position, all of which is restricted by enabling legislation.

NOTE K - DEFICIT FUND BALANCE

The Capital Improvement Fund has a deficit fund balance at June 30, 2017 of (\$4,872,100). This deficit will be financed through future revenues of the fund.

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Municipal Taxes				
General sales	\$ 1,653,541	1,653,541	1,446,908	(206,633)
Property	1,231,914	1,231,914	1,243,807	11,893
Fire department sales	589,128	589,128	524,899	(64,229)
Local option sales	497,624	497,624	449,707	(47,917)
Use tax	-	-	90,472	90,472
Utilities	535,469	535,469	436,625	(98,844)
Total Municipal Taxes	<u>4,507,676</u>	<u>4,507,676</u>	<u>4,192,418</u>	<u>(315,258)</u>
Intergovernmental				
Gasoline	110,128	110,128	109,474	(654)
Cigarette	10,205	10,205	9,239	(966)
Total Intergovernmental	<u>120,333</u>	<u>120,333</u>	<u>118,713</u>	<u>(1,620)</u>
Licenses				
Merchants	351,000	351,000	281,099	(69,901)
Liquor	9,150	9,150	9,084	(66)
PILOTS	116,000	116,000	259,126	143,126
Total Licenses	<u>476,150</u>	<u>476,150</u>	<u>549,309</u>	<u>73,159</u>
Police and Fire Protection	<u>507,796</u>	<u>507,796</u>	<u>500,556</u>	<u>(7,240)</u>
Police Fines	<u>225,000</u>	<u>225,000</u>	<u>170,329</u>	<u>(54,671)</u>
Investment Income	<u>25,000</u>	<u>25,000</u>	<u>39,049</u>	<u>14,049</u>
Other				
Building permits	182,809	182,809	135,059	(47,750)
Lease income	54,008	54,008	49,787	(4,221)
Cable television	72,780	72,780	72,033	(747)
Miscellaneous	128,792	128,792	108,829	(19,963)
Total Other	<u>438,389</u>	<u>438,389</u>	<u>365,708</u>	<u>(72,681)</u>
Total Revenues	<u>6,300,344</u>	<u>6,300,344</u>	<u>5,936,082</u>	<u>(364,262)</u>

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
EXPENDITURES				
Administration				
Dues and memberships	1,400	1,400	1,950	550
Equipment	-	-	1,903	1,903
Insurance	61,264	61,264	64,000	2,736
Legal and professional	39,820	39,820	34,075	(5,745)
Meetings and seminars	10,590	10,590	5,952	(4,638)
Mileage reimbursement	1,650	1,650	898	(752)
Miscellaneous	16,172	16,172	14,550	(1,622)
Office supplies	4,500	4,500	82	(4,418)
Postage	6,100	6,100	4,172	(1,928)
Printing and publishing	5,000	5,000	767	(4,233)
Public relations	9,500	9,500	7,704	(1,796)
Salaries and benefits	472,097	472,097	459,678	(12,419)
Training and education	1,500	1,500	-	(1,500)
Total Administration	<u>629,593</u>	<u>629,593</u>	<u>595,731</u>	<u>(33,862)</u>
Boards and Commissions				
Court reporter	500	500	-	(500)
Dues and memberships	3,150	3,150	3,121	(29)
Elections	1,500	1,500	1,996	496
Liability insurance	8,722	8,722	7,461	(1,261)
Meetings and seminars	1,850	1,850	1,466	(384)
Office supplies	-	-	50	50
Printing and publishing	1,460	1,460	1,749	289
Total Boards And Commissions	<u>17,182</u>	<u>17,182</u>	<u>15,843</u>	<u>(1,339)</u>
Building Department				
Meetings and seminars	3,500	3,500	2,256	(1,244)
Dues and memberships	420	420	390	(30)
Mileage reimbursement	310	310	255	(55)
Office supplies	2,000	2,000	588	(1,412)
Printing and publishing	250	250	271	21
Professional services	20,000	20,000	16,213	(3,787)
Salaries and benefits	217,137	217,137	214,138	(2,999)
Training and education	100	100	-	(100)
Uniforms	600	600	54	(546)
Total Building Department	<u>244,317</u>	<u>244,317</u>	<u>234,165</u>	<u>(10,152)</u>

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
EXPENDITURES (Continued)				
Fire Department				
Dues and memberships	3,600	3,600	3,512	(88)
EMS supplies	11,500	11,500	9,725	(1,775)
Meetings and seminars	2,350	2,350	1,782	(568)
Mileage reimbursement	500	500	220	(280)
Miscellaneous	5,900	5,900	7,931	2,031
Physical examinations	8,835	8,835	10,175	1,340
Professional services	11,500	11,500	8,209	(3,291)
Public relations	3,000	3,000	144	(2,856)
Salaries and benefits	2,103,455	2,103,455	2,083,682	(19,773)
Dispatch services	162,905	162,905	160,335	(2,570)
Specialized training	29,050	29,050	26,513	(2,537)
Uniforms	10,000	10,000	16,331	6,331
Total Fire Department	<u>2,352,595</u>	<u>2,352,595</u>	<u>2,328,559</u>	<u>(24,036)</u>
Legal Department				
City attorney legal services	25,000	25,000	28,946	3,946
City attorney retainer	15,000	15,000	13,750	(1,250)
Professional services	15,000	15,000	16,799	1,799
Prosecuting attorney	26,200	26,200	19,580	(6,620)
Total Legal Department	<u>81,200</u>	<u>81,200</u>	<u>79,075</u>	<u>(2,125)</u>
Municipal Court				
Dues and memberships	235	235	225	(10)
Judge retainer	12,000	12,000	12,000	-
Maintenance and repair	8,240	8,240	8,266	26
Meetings and seminars	3,410	3,410	2,211	(1,199)
Mileage reimbursement	910	910	598	(312)
Miscellaneous	1,330	1,330	444	(886)
Office supplies	1,300	1,300	935	(365)
Printing	2,674	2,674	1,333	(1,341)
Prisoner expenditures	300	300	-	(300)
Salaries and benefits	100,449	100,449	94,548	(5,901)
Training and education	800	800	510	(290)
Total Municipal Court	<u>131,648</u>	<u>131,648</u>	<u>121,070</u>	<u>(10,578)</u>

(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, 2017

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	Budget
EXPENDITURES (Continued)				
Police Department				
Communications	30,000	30,000	27,432	(2,568)
Detective bureau	400	400	20	(380)
Dispatch consortium	117,263	117,263	109,735	(7,528)
Dues and memberships	1,600	1,600	1,493	(107)
Miscellaneous	450	450	163	(287)
Office supplies	5,500	5,500	4,766	(734)
Patrol	5,500	5,500	4,857	(643)
Prisoner detention	450	450	108	(342)
Salaries and benefits	2,395,634	2,395,634	2,360,610	(35,024)
Specialized training	11,550	11,550	20,937	9,387
Traffic safety unit	500	500	331	(169)
Uniforms	13,000	13,000	12,183	(817)
Total Police Department	2,581,847	2,581,847	2,542,635	(39,212)
Total Expenditures	6,038,382	6,038,382	5,917,078	(121,304)
REVENUES OVER (UNDER) EXPENDITURES	261,962	261,962	19,004	(242,958)
OTHER FINANCING SOURCES				
Sale of capital assets	28,000	8,000	12,770	4,770
NET CHANGE IN FUND BALANCE	\$ 289,962	269,962	31,774	(238,188)
FUND BALANCE, JULY 1			11,817,620	
FUND BALANCE, JUNE 30			\$ 11,849,394	

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STORMWATER FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Municipal taxes - sales tax	\$ 1,178,252	1,049,802	(128,450)
Intergovernmental	738,015	110,000	(628,015)
Investment income	4,200	-	(4,200)
Other	37,000	36,979	(21)
Total Revenues	<u>1,957,467</u>	<u>1,196,781</u>	<u>(760,686)</u>
EXPENDITURES			
Current:			
Public works	37,000	47,273	10,273
Stormwater	152,589	149,303	(3,286)
Capital outlay	2,401,000	1,941,923	(459,077)
Total Expenditures	<u>2,590,589</u>	<u>2,138,499</u>	<u>(452,090)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (633,122)</u>	(941,718)	<u>(308,596)</u>
FUND BALANCE, JULY 1		<u>1,569,060</u>	
FUND BALANCE, JUNE 30		<u>\$ 627,342</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, 2017**

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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 444,045	435,216	430,231
Interest on the total pension liability	1,253,845	1,158,022	1,091,955
Difference between expected and actual experience	(901,366)	(243,412)	(53,941)
Changes of assumptions	-	521,075	-
Benefit payments, including refunds	(508,227)	(597,284)	(522,874)
Net Change In Total Pension Liability	<u>288,297</u>	<u>1,273,617</u>	<u>945,371</u>
Total Pension Liability Beginning	<u>17,325,949</u>	<u>16,052,332</u>	<u>15,106,961</u>
Total Pension Liability Ending (a)	<u>\$ 17,614,246</u>	<u>17,325,949</u>	<u>16,052,332</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 250,536	302,286	361,464
Contributions - employee	-	-	63,038
Net investment income	2,244,989	(37,876)	371,820
Benefit payments, including refunds	(508,227)	(597,284)	(522,874)
Administrative expense	(7,081)	(6,982)	(7,642)
Other changes	(399,437)	49,541	333,669
Net Change In Plan Fiduciary Net Position	<u>1,580,780</u>	<u>(290,315)</u>	<u>599,475</u>
Plan Fiduciary Net Position Beginning	<u>19,558,394</u>	<u>19,848,709</u>	<u>19,249,234</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 21,139,174</u>	<u>19,558,394</u>	<u>19,848,709</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ (3,524,928)</u>	<u>(2,232,445)</u>	<u>(3,796,377)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.01 %	112.88	123.65
Covered Employee Payroll (for February 28/29 Valuation)	\$ 4,083,046	4,098,160	4,013,489
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(86.33) %	(54.47)	(94.59)

Notes:

Information is not available for fiscal years prior to 2015.

Vested active LAGERS members who have previous nonFederal Missouri public employment that were not covered by a retirement plan or that were covered by a retirement plan but 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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 250,537	302,286	381,092	350,822	386,206	355,736	371,256	213,760	186,129	156,336
Contributions in relation to the actuarially determined contribution	250,537	302,286	361,465	323,238	298,183	252,067	236,765	189,407	165,005	135,042
Contribution Deficiency	\$ -	-	19,627	27,584	88,023	103,669	134,491	24,353	21,124	21,294
Covered Employee Payroll	\$ 4,118,679	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
Contributions as a Percentage of Covered Employee Payroll	6.08 %	7.45	8.82	8.07	7.86	6.84	6.01	5.32	4.94	4.23

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Multiple bases from 14 to 15 years
5 year smoothed market; 20% corridor
3.25% wage inflation; 2.50% price inflation
3.25% to 7.15%; includes wage inflation
7.25%, net of investment expenses
Experience-based table of rates that are specific to the type of eligibility condition
The healthy retiree mortality table 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.

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Municipal taxes - sales tax	\$ 1,250,393	1,250,393	1,144,943	(105,450)
Intergovernmental	-	-	9,750	9,750
Federal interest subsidy	57,121	57,121	57,244	123
Other	-	-	2	2
Total Revenues	<u>1,307,514</u>	<u>1,307,514</u>	<u>1,211,939</u>	<u>(95,575)</u>
EXPENDITURES				
Current:				
Administration	49,886	49,886	50,334	448
Building department	2,700	2,700	1,854	(846)
Fire department	61,176	61,176	69,953	8,777
Municipal building	207,802	207,802	189,366	(18,436)
Police department	66,800	66,800	67,245	445
Public works	454,250	454,250	422,615	(31,635)
Capital outlay	992,500	377,500	190,004	(187,496)
Debt service:				
Principal	200,000	200,000	200,000	-
Interest	184,356	184,356	181,831	(2,525)
Total Expenditures	<u>2,219,470</u>	<u>1,604,470</u>	<u>1,373,202</u>	<u>(231,268)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (911,956)</u>	<u>(296,956)</u>	(161,263)	<u>135,693</u>
FUND BALANCE (DEFICIT), JULY 1			<u>(4,710,837)</u>	
FUND BALANCE (DEFICIT), JUNE 30			<u>\$ (4,872,100)</u>	

CITY OF FRONTENAC, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>June 30</u> <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30</u> <u>2017</u>
COURT BOND FUND				
ASSETS				
Cash	\$ 1,825	6,200	5,875	2,150
LIABILITIES				
Due to others - court appearance bonds	\$ 1,825	6,200	5,875	2,150
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	\$ 33,828	6,200	37,878	2,150
LIABILITIES				
Due to others:				
Court appearance bonds	\$ 1,825	6,200	5,875	2,150
West End Park CID	32,003	-	32,003	-
Total Liabilities	\$ 33,828	6,200	37,878	2,150

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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.	49 - 52
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	53 - 58
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.	59 - 61
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.	62 - 64
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.	65 - 67

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									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities										
Net investment in capital assets	\$ 10,144,235	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
Restricted for:										
Law enforcement training	58,540	60,892	67,103	62,667	54,094	44,269	36,258	28,069	21,699	13,493
Stormwater projects	584,047	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
Sewer lateral projects	43,295	53,589	61,857	59,979	53,514	75,679	68,901	74,589	67,676	57,106
Unrestricted	<u>9,981,367</u>	<u>10,861,564</u>	<u>11,195,759</u>	<u>11,020,686</u>	<u>6,604,557</u>	<u>6,459,675</u>	<u>6,380,639</u>	<u>8,760,860</u>	<u>8,033,345</u>	<u>7,301,169</u>
 Total Governmental Activities/Net Position	 <u>\$ 20,811,484</u>	 <u>22,831,636</u>	 <u>23,275,477</u>	 <u>22,369,472</u>	 <u>23,211,434</u>	 <u>21,986,309</u>	 <u>21,217,183</u>	 <u>20,461,581</u>	 <u>19,709,512</u>	 <u>18,359,418</u>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Program revenues:										
Charges for services	\$ 1,437,497	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
Operating grants and contributions	512,689	490,509	380,141	371,978	366,636	186,006	39,028	-	25,500	5,313
Capital grants and contributions	-	-	473,152	226,328	433,764	10,800	268,000	-	-	-
General revenues:										
Taxes	6,107,322	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
Federal interest subsidy	57,224	55,728	56,998	58,350	59,671	61,453	-	-	-	-
Investment income	39,049	24,311	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313
Other	195,909	158,215	186,625	155,514	202,494	304,436	320,634	341,045	272,283	358,434
Total Revenues	<u>8,349,690</u>	<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>
EXPENSES										
Administration	759,311	716,876	690,213	683,753	701,676	680,559	625,511	610,452	522,248	571,680
Boards and commissions	15,843	15,876	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505
Building department	251,356	265,562	223,745	237,701	248,116	231,358	215,640	205,741	197,783	186,956
Fire department	2,949,483	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
Legal department	79,075	69,271	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789
Municipal building	464,032	469,960	476,328	482,113	477,265	447,647	289,129	244,894	138,852	132,224
Municipal court	125,229	152,929	137,991	142,625	146,083	148,790	131,482	132,683	133,861	132,650
Police department	2,840,140	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
Public works	579,435	597,542	561,807	566,957	540,454	525,418	588,472	714,388	976,700	968,723
Stormwater	2,127,483	1,186,140	822,612	402,750	353,390	319,009	217,578	240,688	111,076	46,498
Interest on long-term debt	178,455	185,087	191,161	196,763	202,213	211,595	155,234	55,956	-	-
Total Expenses	<u>10,369,842</u>	<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>
CHANGE IN NET POSITION	<u>\$ (2,020,152)</u>	<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>

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

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 5,316,928	4,834,836	4,684,348	4,291,191	3,959,543	3,415,373	2,972,188	-	-	-
Restricted	58,540	60,892	67,103	62,667	54,094	44,269	36,258	-	-	-
Unassigned	6,473,926	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
Unreserved	-	-	-	-	-	-	-	9,099,536	8,392,317	7,640,222
Total General Fund	<u>\$ 11,849,394</u>	<u>11,817,620</u>	<u>11,679,359</u>	<u>11,475,177</u>	<u>10,936,467</u>	<u>10,355,498</u>	<u>9,754,096</u>	<u>9,127,605</u>	<u>8,414,016</u>	<u>7,653,715</u>
All Other Governmental Funds										
Nonspendable	\$ 261,469	-	5,998	-	12,194	11,545	-	-	-	-
Restricted	627,222	1,569,060	1,528,237	1,236,050	1,037,216	1,026,468	1,399,961	-	-	-
Unassigned	(5,133,449)	(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
Unreserved	-	-	-	-	-	-	-	3,914,529	6,151,771	6,097,341
Total All Other Governmental Funds	<u>\$ (4,244,758)</u>	<u>(3,141,777)</u>	<u>(2,985,766)</u>	<u>(2,895,328)</u>	<u>(2,798,163)</u>	<u>(2,384,292)</u>	<u>(1,572,227)</u>	<u>3,989,118</u>	<u>6,219,447</u>	<u>6,154,447</u>
Total General And Other Funds	<u>\$ 7,604,636</u>	<u>8,675,843</u>	<u>8,693,593</u>	<u>8,579,849</u>	<u>8,138,304</u>	<u>7,971,206</u>	<u>8,181,869</u>	<u>13,116,723</u>	<u>14,633,463</u>	<u>13,808,162</u>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Municipal taxes	\$ 6,387,163	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
Intergovernmental (cigarette and fuel tax)	118,713	118,247	116,291	112,392	110,058	115,877	122,294	133,075	113,435	151,239
Licenses and permits	684,368	569,508	623,589	640,399	532,989	531,805	525,986	419,331	574,301	562,219
Charges for services (Police, Fire, and EMS)	500,556	508,661	509,164	482,222	488,399	442,028	478,070	323,157	281,648	262,655
Police fines and forfeitures	170,329	226,789	362,531	510,188	524,253	589,503	434,049	488,287	573,872	591,223
Rental income (cell tower leases)	49,787	49,418	60,008	60,008	60,008	60,008	60,008	56,879	56,879	86,761
Grants and MSD contributions	110,000	111,000	473,152	226,328	433,764	196,806	307,028	37,516	25,500	5,313
Investment income	39,049	24,311	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313
Other	284,837	435,983	259,621	272,521	283,455	226,982	175,616	150,940	138,864	157,828
Total Revenues	<u>8,344,802</u>	<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>
EXPENDITURES										
Administration	646,065	623,717	671,757	617,775	614,175	614,599	549,289	513,866	480,053	530,593
Board and commissions	15,843	15,876	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505
Building department	236,019	253,516	236,684	227,965	251,031	223,181	208,243	202,552	197,533	186,956
Fire department	2,398,512	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
Legal department	79,075	69,271	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789
Municipal building	189,366	192,721	200,993	195,178	184,802	155,374	137,394	98,421	111,909	117,081
Municipal court	121,070	147,843	143,095	142,763	142,393	148,669	131,431	137,304	135,260	128,952
Police department	2,609,880	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
Public works	469,888	460,762	473,769	484,258	467,262	441,092	447,257	644,393	887,800	881,735
Stormwater	149,303	147,137	166,770	142,050	137,625	133,706	128,800	124,899	88,210	40,725
Capital outlay	2,131,927	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
Debt service:										
Principal	200,000	195,000	190,000	185,000	180,000	175,000	170,000	165,000	-	-
Interest	181,831	188,655	194,354	199,906	205,306	210,554	154,193	55,262	-	-
Issuance costs	-	-	-	-	-	-	-	45,322	-	-
Total Expenditures	<u>9,428,779</u>	<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>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,083,977)</u>	<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>
OTHER FINANANCING SOURCES										
Sale of capital assets	12,770	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	4,520,000	-	-
Premium on debt issuance	-	-	-	-	-	-	-	25,107	-	-
Total Other Financing Sources	<u>12,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,545,107</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,071,207)</u>	<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>
Debt service as a percentage of noncapital expenditures	4.09 %	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**
2017*	\$ 196,451,130	\$ 51,275,090	\$ 1,787,847	\$ 20,247,655	\$ 269,761,722	\$ 1,254,937,012	21 %	0.481
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

(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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City of Frontenac	0.4810	0.4970	0.4970	0.4980	0.4960	0.4900	0.4890	0.4740	0.4590	0.4350
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)	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230	0.5230	0.5230	0.5580
County general	0.1950	0.2060	0.2060	0.2090	0.2090	0.2090	0.2090	0.2090	0.2090	-
County health fund	0.1310	0.1380	0.1380	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	-
County park maintenance	0.0460	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	0.0190	-
Roads and bridges	0.0980	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	-
St. Louis Community College	0.2112	0.2185	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013
Special School District	1.1912	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384	0.9184
Metropolitan Zoo Museum District	0.2694	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344
County Library:										
Residential	0.2340	0.2460	0.2460	0.2500	0.2500	0.1730	0.1630	0.1565	0.1400	0.1400
Commercial	0.2530	0.2630	0.2590	0.2640	0.2640	0.1900	0.1900	0.1887	0.1630	0.1680
Agriculture	0.2150	0.2450	0.2390	0.2790	0.2790	0.2000	0.2000	0.1500	0.1500	0.1500
Personal property	0.2250	0.2250	0.2250	0.2250	0.2250	0.1500	0.1500	0.1500	0.1500	0.1500
School - Ladue	3.8107	3.9195	3.5339	3.7000	3.6300	3.6300	3.1000	3.1000	2.9800	2.9800
School - Kirkwood:										
Residential	4.3759	4.1734	4.1377	4.2524	4.2546	4.2841	4.2878	4.1869	4.0842	3.9219
Commercial	5.8445	5.6319	5.7072	5.5436	5.4565	5.4748	5.4067	5.0705	4.6057	4.7404
Agriculture	4.1898	2.6535	2.9202	6.4082	6.5385	5.4338	5.5146	5.2628	5.2722	6.0424
Personal property	5.4971	4.8845	4.8845	4.8845	4.8845	4.8845	4.7584	4.7584	4.3800	4.3800
Metropolitan Sewer District	0.1159	0.1196	0.0876	0.0879	0.0874	0.6350	0.0818	0.0790	-	- *
Sewers - Deer Creek:										
Residential	0.0860	0.0860	0.0830	0.0860	0.0860	0.0840	0.0840	0.0810	-	-
Commercial	0.0870	0.0870	0.0850	0.0870	0.0840	0.0830	0.0820	0.0820	-	-
Agriculture	0.0490	0.0490	0.0490	0.0990	0.1000	0.0790	0.0790	0.0760	-	-
Personal property	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	-	-
Sheltered Workshop:										
Residential	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690
Commercial	0.0870	0.0900	0.0880	0.0900	0.0900	0.0900	0.0900	0.0850	0.0790	0.0810
Agriculture	0.0700	0.0790	0.0770	0.0900	0.0900	0.0900	0.0900	0.0870	0.0900	0.0900
Personal property	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900

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	2017			2008		
	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)	\$ 18,064,290	1	6.70 %	\$ 16,378,910	1	6.55 %
Frontenac Prop Owner, LLC (Le Chateau)	12,594,550	2	4.67	10,438,210	2	4.17
Frontenac Grove, LLC (formerly BF Joint Venture)	5,681,790	3	2.11	3,112,600	3	1.24
Broad Frontenac Assoc. (Neiman and parking lot)	2,851,040	4	1.06	2,734,910	4	1.09
Rrh Property Holdings, LLC (Honda lot)	2,264,850	5	0.84	1,080,100	6	0.43
Ameren	1,924,568	6	0.71	1,462,789	5	0.58
Old Frontenac Square, LLC	1,223,640	7	0.45	919,140	7	0.37
Frontenac Raquet Club, Inc. (Frr Club, LLC)	1,028,320	8	0.38	755,200	8	0.30
Tower Land (Forshaw lot)	855,550	9	0.32	302,080	10	0.12
Southern Real Estate & Financial Co.	<u>754,520</u>	10	<u>0.28</u>	<u>679,910</u>	9	<u>0.27</u>
Total	<u><u>\$ 47,243,118</u></u>		<u><u>17.52 %</u></u>	<u><u>\$ 37,863,849</u></u>		<u><u>15.12 %</u></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
2017	2016	\$ 1,267,672	\$ 1,233,645	97.3 %	\$ 8,322	\$ 1,241,967	98.0 %	\$ 12,561	1.0 %
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

(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)
2017	1.5 %	2.888 %	4.225 %	8.613 %	\$ 208,416,200	\$ 2,084,162	\$ 668,094	32.06 %
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

(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% Stormwater Sales Tax	City 0.25% Local Use Tax	Total Sales Tax Revenues
2016 - 2017	\$1,416,067	\$ 449,707	\$ 524,899	\$ 892,319	\$ 1,049,802	\$ 90,472	\$ 4,423,266
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

	Collection Fee		Pool Sharing Percentage
	State	County	
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
0.25% local use tax	1	-	No sharing

*See page 57.

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

Fiscal Year	Certificates Of Participation	Percentage Of Personal Income (1)	Per Capita
2017	\$ 3,075,194	1.09 %	883
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	-	-	-

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, 2017

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Overlapping Debt
St. Louis County	\$ 96,850,000	1.16 %	\$ 1,127,652
Kirkwood School District	23,425,000	1.03	242,270
Ladue School District	78,650,000	11.43	8,986,950
Subtotal	198,925,000		10,356,872
City of Frontenac	3,075,194	100.00	3,075,194
Total Direct And Overlapping Debt	\$ 202,000,194		\$ 13,432,066

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed valuation	<u>\$ 269,761,722</u>	<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>
Debt limit	\$ 26,976,172	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
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>\$ 26,976,172</u>	<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>
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
2017	3,482	49.2	\$ 154,162	\$ 80,768	\$ 672,200	N/A	N/A	0.8 %*	3.8 %**
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

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
2016 - 2017	170	\$ 14,706,857	\$ 135,059	\$ 1,537,706	\$ 13,169,151
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

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>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neiman Marcus	199	1	203	2
Hilton Hotel	196	2	195	3
Saks Fifth Ave.	147	3	179	4
Oak Hill Villa	128	4	144	5
Wells Fargo	91	5	115	6
Mercy Center	93	6	-	-
St. Joseph Academy	84	7	90	10
Brio	82	8	100	7
Cardwell's	63	9	90	9
City of Frontenac	54	10	-	-
Shriners	-	-	277	1
Ladue ECC School	-	-	91	8
Total	<u>1,137</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Administrative services	3.25	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*	1.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	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	1.00	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	20.00	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>53.75</u>	<u>58.75</u>	<u>58.75</u>	<u>52.75</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Arrests	154	120	199	324	358	437	520	546	602	683
Traffic violations	1,774	1,556	1,982	3,005	3,838	3,494	4,723	3,473	4,094	3,546
Reports	701	720	776	704	829	917	1,004	1,003	1,071	1,231
Vehicle accidents	346	474	462	233	255	245	213	218	186	171
Calls for service	12,629	11,978	12,488	11,931	15,568	15,308	16,799	19,003	21,706	24,061
Fire:										
EMS calls	445	436	441	334	388	411	343	345	313	313
Fire calls	665	676	673	502	575	595	442	471	460	516
Inspections	260	289	329	288	267	283	247	244	304	287
Training hours	2,422	2,225	2,163	1,560	1,701	2,363	2,648	2,360	1,802	1,886
City ambulance transports	291	298	320	267	312	332	317	273	N/A	N/A
Planning and Building:										
Building permits issued	170	205	222	184	149	161	148	123	118	31
Licensing:										
Business licenses issued	265	262	293	281	273	266	271	240	278	285
Liquor licenses issued	15	14	20	16	16	14	15	15	13	14
Itinerant merchant licenses	2	2	5	8	2	7	7	6	3	6
Finance:										
Accounts payable processed	3,030	2,951	2,843	2,222	2,276	2,077	2,173	2,106	1,354	1,892
Payroll payments issued	1,465	1,404	1,410	1,460	1,454	1,414	1,568	1,500	1,376	1,388
Alarm monitoring clients	242	285	298	291	298	296	298	285	277	315
Municipal Court:										
Traffic violation revenues	\$ 156,472	123,635	357,772	478,696	497,330	-	-	-	-	-
Total operating revenues	\$ 5,283,638	5,363,191	5,425,644	5,504,183	5,368,142	-	-	-	-	-
Percent of traffic violation revenues to total operating revenues	3 %	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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Buildings	2	2	2	2	2	2	2	2	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	8	7	7
Vehicles	3	3	3	3	3	3	3	3	3	3

Source: City records - various departments listed

CITY OF FRONTENAC, MISSOURI
INTERNAL CONTROL AND COMPLIANCE

**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 18, 2017

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, 2017, 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 18, 2017.

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