

CITY OF FRONTENAC



Comprehensive Annual Financial Report

For The Year Ended June 30, 2020

CITY OF FRONTENAC, MISSOURI

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Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2020

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



Kate Hatfield
Mayor

Jaysen Christensen
City Administrator

November 12, 2020

To the Honorable Mayor, Members of the Board of Alderpersons 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, 2020 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.

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

Profile of the government

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

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

The City of Frontenac has operated under the Mayor-Board of Alderpersons form of government since 1950. Policy-making and legislative authority are vested in the governing board (Board of Alderpersons) 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; stormwater 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. A project by the DESCOCO group, which is anchored by Lifetime Fitness is nearly complete, and a luxury villa community being built by McBride Homes is well underway.

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. Prior to the global pandemic in 2020, the unemployment rate had fallen from a decade high of 1.7% in 2009 to 0.9% in 2019. The City of Frontenac's unemployment rate as of June 2020 was 3.4% compared to 11.2% nationally. The Department of Labor has not yet issued unemployment forecasts that include impacts of the pandemic.

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 third quarter of 2020, the median sale price of a single-family home in the vicinity of the City of Frontenac was \$729,900 with a median list price of \$679,450.

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 1.8% annually and were affected by revenue downturns due to the 2009 economic recession as well as the ongoing global pandemic in 2020. The City shares a material percentage of sales tax revenue to the County "pool," as indicated on page 57. Sales tax revenues lagged behind budget expectations and the prior year by 16.0% and 11.6%, respectively. Sales tax revenue growth, net of sharing, averaged 2.9% for the five-year period 2015 to 2019, and in 2020 decreased to a 0.4% average decline for the five-year period 2016 to 2020. 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 \$820,000 under budget in 2020.

Like many cities in the country, Frontenac experienced a period of forced economic shut down from March 2020 to June 2020. Sales tax revenues took a major hit during that time, but are slowly recovering to pre-pandemic levels. Some of the City's businesses have filed for bankruptcy, but the majority of stores have remained operational.

Like most cities, the City of Frontenac's services are heavily dependent on personnel. Police, fire, EMS, and administration personnel expenses make up 86.7% of the 2020-2021 General Fund budget. General and Capital Fund personnel expenses make up 70.7% of their combined 2020-2021 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 1.9% over the prior 9 years. The City conducted a market study of employee pay among neighboring municipalities, which resulted in adjusting all employee salaries effective July 1, 2019. Employee salaries below the 60th percentile of the market were increased to the 60th percentile in order to continue to attract and retain employees to the City. A total of \$4,187,019 was budgeted for employee salaries in 2019-2020 compared to an estimated actual expenditure of \$4,113,786 in 2018-2019. This represented an increase of 1.78% or \$73,233. Due to the economic effect of the pandemic, a salary freeze was implemented for the 2020-2021 budget.

Public Safety (police, fire, and EMS) is by far the City's largest expense. Public safety accounts for approximately 79.2% of personnel expenses. Administrative staff, the Board of Alderpersons, 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 (2016-2018 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 \$33,000 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 2018-19. This increase is significantly below industry standards, which averaged 6% increases. The City's actual cost of the increase for 2018-2019 was more than offset by a surplus distribution of prior year premiums from SLAIT.

During the past ten years, the City's overall expenditures related to public safety have increased in amount, but not necessarily as a percentage of total operational expenditures in governmental funds (currently 60.4% of operational expenditures and 56.3% of total expenditures), reflecting a ten-year increase of 1.3% for fire/EMS but a decrease of 4.9% for police. Much of

the 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. Much of the decrease reflects the 2011 consolidation of public safety dispatching.

Over the past ten plus years, the government has experienced more than \$235 million in construction projects with the majority of projects being new single-family homes and residential construction (75%) and the remaining 25% mainly 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.

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 \$504,000 for replacement of capital items and \$241,000 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 2022-2023. The base version takes into account the current development of the Lifetime Fitness and the Arbors at Frontenac, both of which are under construction.

The COVID-19 pandemic has created a serious public health crisis, and the economic impact to the City will likely be felt for some time. Fortunately, the City has healthy reserves with which to weather the crisis. The City has made a claim against its sales tax interruption insurance policy, which has initially been denied. Like thousands of other cities and businesses across the nation, the City's expectation is that these claims will be litigated for years to come.

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. Two anticipated retirement payouts are included in the Fire Department line item for salaries, and one retirement payout is included in the Building Department. For budget year 2020-2021, the fund balance ratio is projected to be 62.1% of operational expenditures which surpasses the fund balance target by 12.1%.

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, 2019. This was the fifth 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 Alderpersons for their unwavering 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

Kate Hatfield

BOARD OF ALDERPERSONS

Brian Warner, Ward I
Dan Kemper, Ward I
Jamie Griesedieck, Ward II
Nalini Mahadevan, Ward II
Tom O'Brien, Ward III
Daniel Millman, Ward III

Appointed Positions:

CITY ADMINISTRATOR

Jaysen Christensen

POLICE CHIEF

Mark Guttman

FIRE CHIEF

Mark Ulses

FINANCE OFFICER

Lea Ann Bennett, CPA

CITY CLERK

Leesa Ross

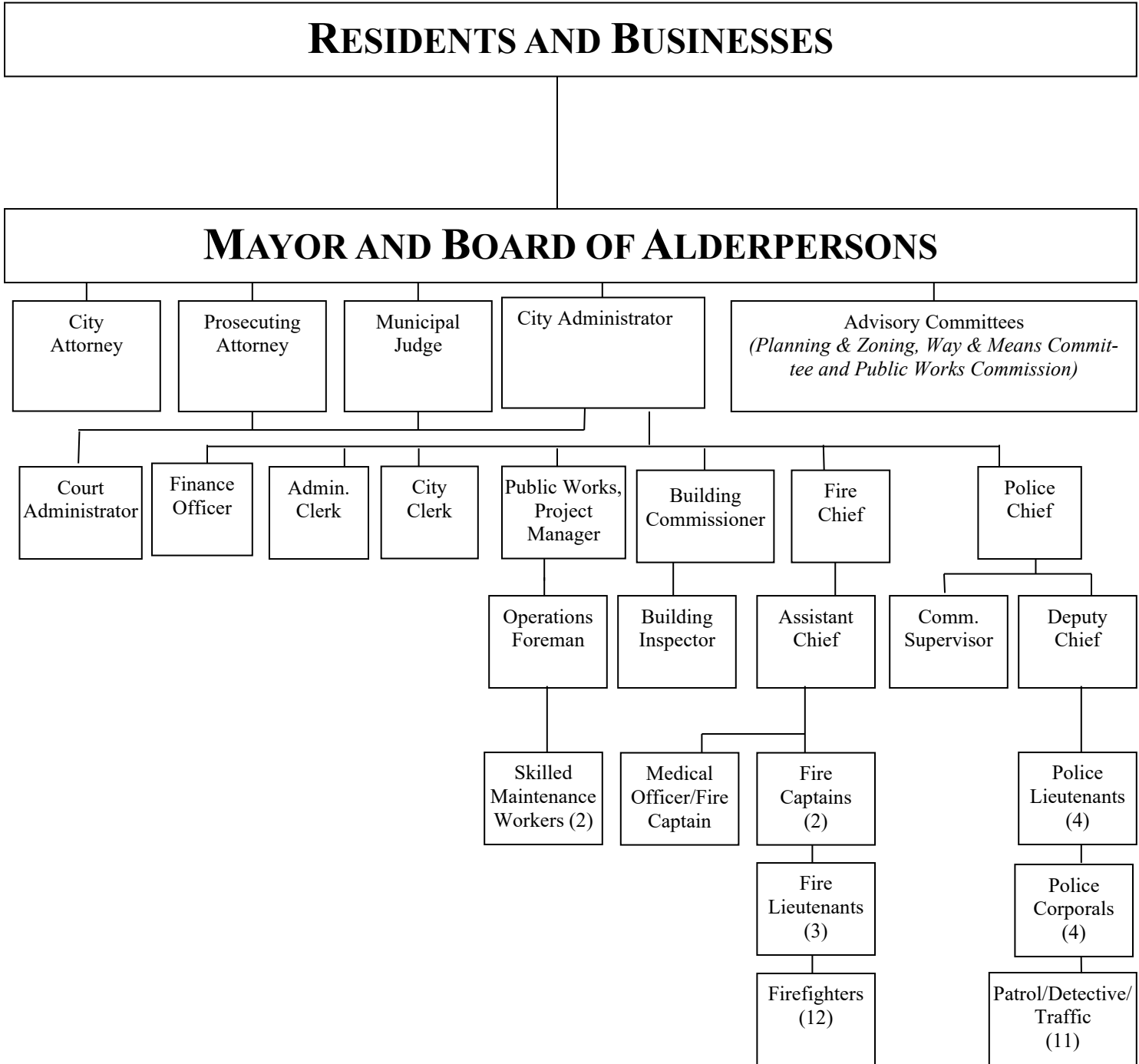
PUBLIC WORKS DIRECTOR

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, 2019

Christopher P. Morill

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

November 12, 2020

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF FRONTENAC, MISSOURI** (the City), as of and for the year ended June 30, 2020, 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 and each major fund of the City as of June 30, 2020, 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 November 12, 2020 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
Chesterfield, Missouri

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. It should be read in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,563,853 (net position). The City had unrestricted net position totaling \$5,983,899.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,594,059, a decrease of \$425,451 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,087,170 or 97.2% of total General Fund expenditures.
- The City's total long-term liabilities decreased \$40,379 during the most recent fiscal year mainly due to normal annual debt service payments and changes 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 division, 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, 2020**

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, 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.

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, the General Fund and Stormwater Fund budgetary comparison schedules, and information concerning the City's progress in funding its obligation to provide pension benefits to its employees represent financial information required by Governmental Accounting Standards Board (GASB) to be presented. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,563,853 at the close of the most recent fiscal year.

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:

CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30		2020 Change	
	2020	2019	Amount	Percent
ASSETS				
Current and other assets	\$ 13,651,110	15,122,036	(1,470,926)	(9.7) %
Capital assets	12,810,009	13,113,108	(303,099)	(2.3)
Total Assets	<u>26,461,119</u>	<u>28,235,144</u>	<u>(1,774,025)</u>	(6.3)
DEFERRED OUTFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>1,098,734</u>	<u>598,935</u>	<u>499,799</u>	83.4
LIABILITIES				
Other liabilities	1,166,796	852,939	313,857	36.8
Long-term liabilities	3,063,777	3,104,156	(40,379)	(1.3)
Total Liabilities	<u>4,230,573</u>	<u>3,957,095</u>	<u>273,478</u>	6.9
DEFERRED INFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>765,427</u>	<u>1,549,291</u>	<u>(783,864)</u>	(50.6)
NET POSITION				
Net investment in capital assets	10,388,694	10,465,500	(76,806)	(0.7)
Restricted	6,191,260	6,290,310	(99,050)	(1.6)
Unrestricted	<u>5,983,899</u>	<u>6,571,883</u>	<u>(587,984)</u>	(8.9)
Total Net Position	<u>\$ 22,563,853</u>	<u>23,327,693</u>	<u>(763,840)</u>	(3.3) %

Governmental activities. Governmental activities decreased the City's net position by \$763,840.

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

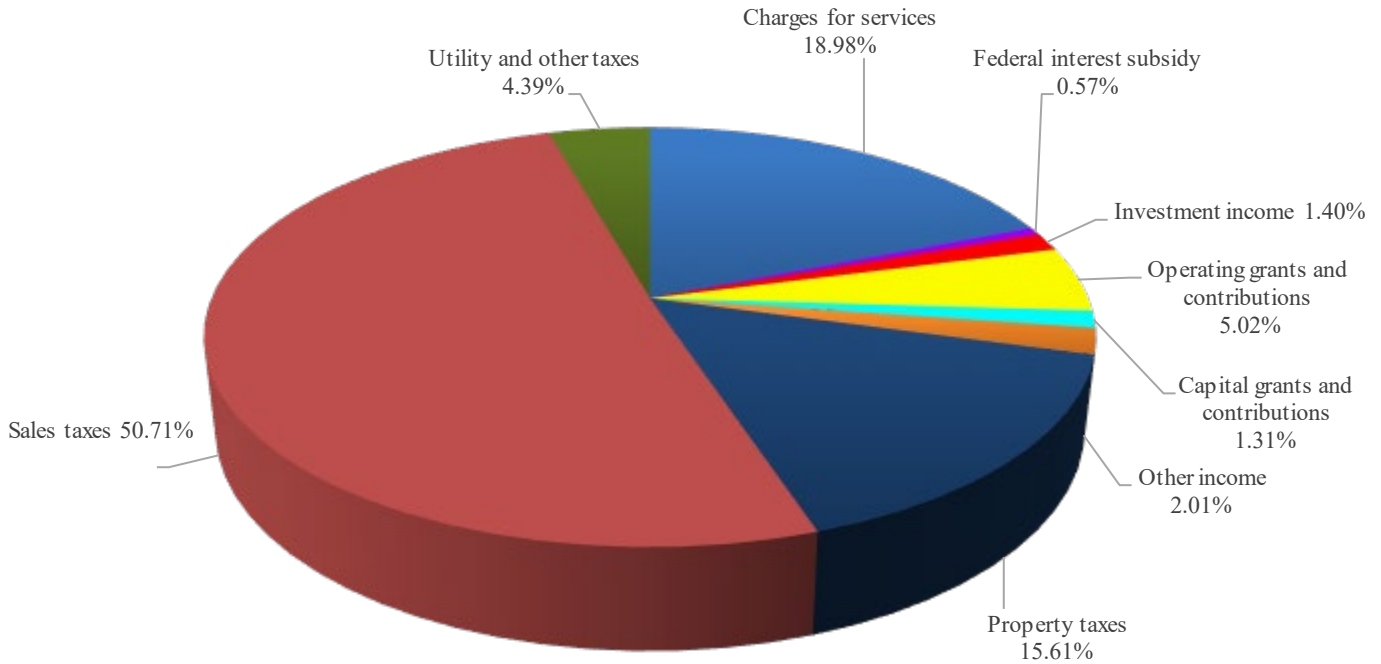
CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	For The Years Ended June 30		2020 Change	
	2020	2019	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 1,618,678	1,671,258	(52,580)	(3.1) %
Operating grants and contributions	428,003	1,045,594	(617,591)	(59.1)
Capital grants and contributions	111,210	-	111,210	100.0
General revenues:				
Taxes	6,029,616	6,623,372	(593,756)	(9.0)
Federal interest subsidy	48,738	52,470	(3,732)	(7.1)
Investment income	118,925	134,012	(15,087)	(11.3)
Other	171,466	239,962	(68,496)	(28.5)
Total Revenues	<u>8,526,636</u>	<u>9,766,668</u>	<u>(1,240,032)</u>	<u>(12.7)</u>
EXPENSES				
Administration	833,388	591,734	241,654	40.8
Boards and commissions	18,045	15,909	2,136	13.4
Building department	294,669	186,140	108,529	58.3
Fire department	2,616,489	2,380,714	235,775	9.9
Legal department	143,439	98,096	45,343	46.2
Municipal building	465,789	456,294	9,495	2.1
Municipal division	111,458	80,208	31,250	39.0
Police department	2,933,463	2,740,062	193,401	7.1
Public works	618,121	563,556	54,565	9.7
Stormwater	1,108,727	1,286,875	(178,148)	(13.8)
Interest on long-term debt	146,888	158,853	(11,965)	(7.5)
Total Expenses	<u>9,290,476</u>	<u>8,558,441</u>	<u>732,035</u>	<u>8.6</u>
CHANGE IN NET POSITION	(763,840)	1,208,227	(1,972,067)	(163.2)
NET POSITION, JULY 1	<u>23,327,693</u>	<u>22,119,466</u>	<u>1,208,227</u>	5.5
NET POSITION, JUNE 30	<u>\$ 22,563,853</u>	<u>23,327,693</u>	<u>(763,840)</u>	<u>(3.3) %</u>

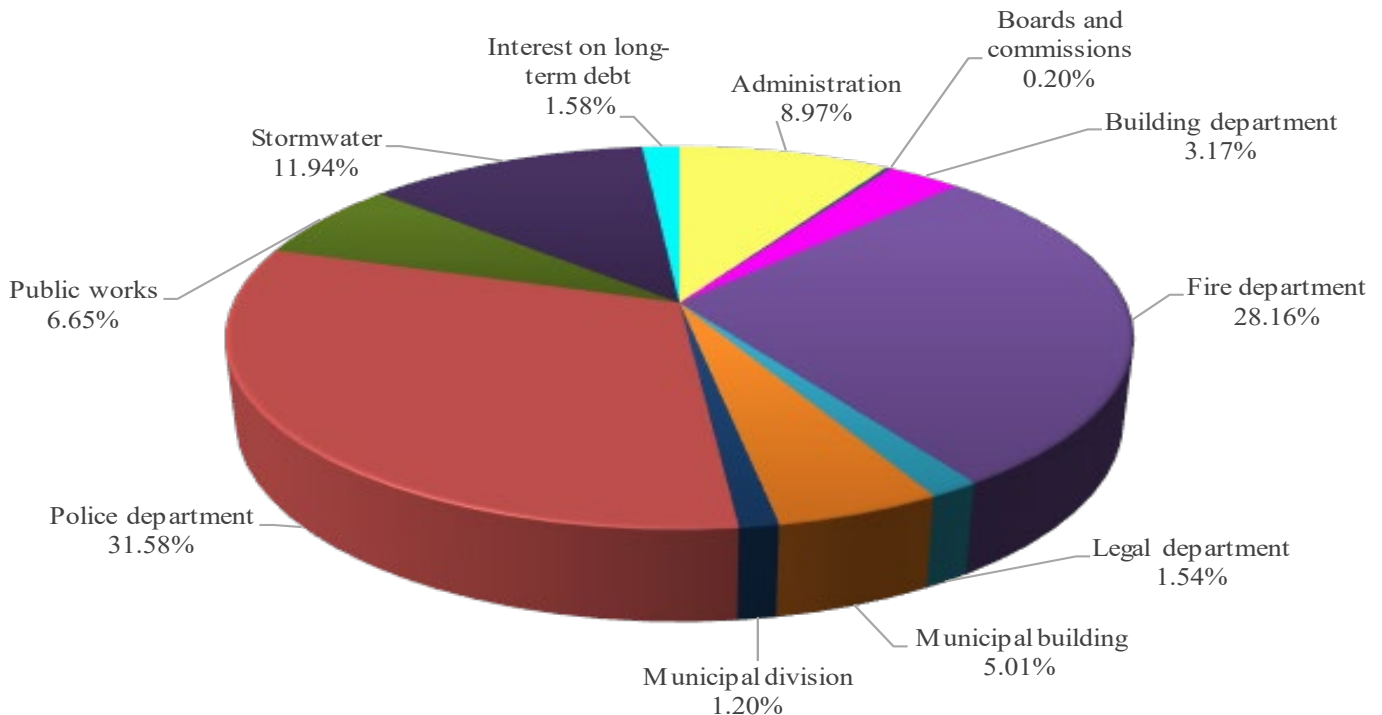
Net Position decreased significantly in the current year, which can be attributed to the COVID-19 pandemic. Given the City's reliance on sales tax, the effect of the pandemic was devastating to that revenue source. The City experienced an almost total shutdown for several months due to Health Department orders. Since the City's sales tax is mainly from high-end retail, those businesses were completely closed. The City also saw a significant decrease in Stormwater grant funding during the year.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues by Source



Expenses by Department



**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,594,059, a decrease of \$425,451 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 \$6,087,170, while total fund balance amounted to \$6,677,712. 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 97.2% of total General Fund expenditures, while total fund balance represents 106.6% of that same amount. The fund balance of the General Fund decreased by \$6,399,386 during the current fiscal year. This decrease is mainly due to a transfer to the Capital Improvement Fund to address the negative fund balance in that fund.

The Stormwater Fund balance decreased by \$60,342 during the fiscal year to \$1,899,352 due to a decrease in grant revenue during the course of the year.

The Capital Improvement Fund balance increased \$6,034,277 during the fiscal year to \$16,995. The main reason for the increase was a transfer from the General Fund to address the negative fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund fell short of projections during 2020 due to the effects of the COVID-19 pandemic. Municipal taxes were more than 10% below budget. Use taxes and building permits, however, significantly outperformed budget expectation. All departments showed expenditure savings, due to control measures put in place after the onset of the pandemic

CAPITAL ASSETS

The City has invested, net of accumulated depreciation, \$12,810,009 at June 30, 2020, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$303,099 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, 2020**

	June 30	
	2020	2019
Land	\$ 26,900	26,900
Construction in progress	56,621	-
Buildings and other improvements	8,480,424	8,760,052
Office furniture and equipment	1,987	3,122
Machinery and equipment	1,294,735	1,318,666
Infrastructure	2,949,342	3,004,368
Total Capital Assets	\$ 12,810,009	13,113,108

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	
	2020	2019
Certificates of participation	\$ 2,410,000	2,635,000
Plus - Premium	11,315	12,608
Compensated absences	642,462	456,547
Total Long-term Debt	\$ 3,063,777	3,104,155

Compensated absences, or accrued vacation and compensatory time, increased \$185,914 over the prior fiscal year. Employees also earn sick leave, but accrued sick leave is not payable at termination. Upon eligible retirement, sick leave may be converted to compensation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2020 has proven to be challenging given the COVID-19 pandemic. The City is heavily reliant on sales tax, which was significantly affected by the mandatory shut-down issued by St. Louis County, which lasted more than 90 days. The long-term effect of the pandemic is still unknown at this time, but future sales tax revenues are almost certainly going to be affected for the foreseeable future.

The City's 2020 revenue performed below expectations, with a 11.7% decrease from budget as a final result. Excluding grants and MSD project contributions, performance was 8.7% under budget. The City's sales tax revenue for all funds combined fell short of the budget by 16.0%. The new revenue budget for 2021 projects an 11.4% decline for total revenues. Sales tax is projected to decrease by 25.0% compared to the 2019 - 2020 budget. An ongoing partnership with MSD produces \$152,000 in revenue available for storm water projects scheduled on Timber Trail. Real estate tax growth is expected to yield a 3.3% increase due to new developments in the City.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Overall expenditures for 2020 were 6.6% lower than budget for all funds and 4.2% lower than budget for capital and general funds combined. As the pandemic began to unfold, the City implemented an emergency spending policy, basically restricting spending to necessary expenditures only. Significant changes included postponing virtually all capital expenditures as well as not going forward with an update to the comprehensive land-use plan.

General and Capital Fund operational expenditures for the new budget year of 2021 are expected to increase by 7.1%. Total personnel expenditures are projected to increase by 3.3%, most of which will be related to retirement sick leave payouts. The 2021 Capital Improvement Fund capital budgets include funding for computer equipment, EMS equipment, firefighting gear, bridge repair, and Geyer Road engineering. The 2021 Storm Water Fund budget includes funding for storm water projects on Timber Trail, Countryside Acres, and Gold Dust/Chapel Oaks, as well as Geyer Road engineering.

The net loss for all funds in 2020 of \$425,451 is attributable to the decrease in revenue from the pandemic coupled with the capital purchases savings. The 2021 net income adjustment to fund balance at year-end for Capital and General Funds combined is budgeted to decrease by \$1,112,398 to \$5,624,752. The Parks and Storm Water Fund is projected to decrease by \$891,181 to \$1,221,966.

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 10 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 fiscal year 2022 - 2023. The base version takes into account the current development of the DESCO site, anchored by Lifetime Fitness, as well as the McBride Homes development, Arbors at Frontenac.

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, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 8,401,493
Receivables, net:	
Municipal taxes	405,444
Intergovernmental	35,144
Other	273,818
Municipal court	2,449
Cash - restricted	635,843
Prepaid items	2,294
Net pension asset	3,894,625
Capital assets:	
Land and construction in progress	83,521
Other capital assets, net of accumulated depreciation	12,726,488
Total Assets	26,461,119
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,098,734
 LIABILITIES	
Accounts payable	239,469
Accrued interest	46,654
Wages payable	190,385
Payroll withholdings	54,445
Escrow funds and court fines payable	635,843
Noncurrent liabilities:	
Due within one year	551,231
Due in more than one year	2,512,546
Total Liabilities	4,230,573
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	765,427
 NET POSITION	
Net investment in capital assets	10,388,694
Restricted for:	
Law enforcement training	46,981
Pension	4,227,932
Stormwater projects	1,835,370
Capital improvements	16,995
Sewer lateral projects	63,982
Unrestricted	5,983,899
Total Net Position	\$ 22,563,853

CITY OF FRONTENAC, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues			Net Revenues (Expenses) And Change In Net Position	
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS	Expenses				
Governmental Activities					
Administration	\$ 833,388	487,863	-	-	(345,525)
Boards and commissions	18,045	-	-	-	(18,045)
Building department	294,669	460,389	-	-	165,720
Fire department	2,616,489	280,808	-	-	(2,335,681)
Legal department	143,439	-	-	-	(143,439)
Municipal building	465,789	-	-	-	(465,789)
Municipal division	111,458	-	-	-	(111,458)
Police department	2,933,463	351,891	7,337	-	(2,574,235)
Public works	618,121	37,727	420,666	16,938	(142,790)
Stormwater	1,108,727	-	-	94,272	(1,014,455)
Interest on long-term debt	146,888	-	-	-	(146,888)
Total Governmental Activities	\$ 9,290,476	1,618,678	428,003	111,210	(7,132,585)
General Revenues					
Taxes:					
Property					1,331,214
Sales					4,324,050
Utility					367,005
Other					7,347
Federal interest subsidy					48,738
Investment income					118,925
Other					171,466
Total General Revenues					6,368,745
CHANGE IN NET POSITION					(763,840)
NET POSITION, JULY 1					23,327,693
NET POSITION, JUNE 30					\$ 22,563,853

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 6,416,781	1,984,712	-	8,401,493
Receivables, net:				
Municipal taxes	236,111	107,818	61,515	405,444
Intergovernmental	19,942	-	-	19,942
Other	273,818	-	-	273,818
Municipal court	2,449	-	-	2,449
Cash - restricted	635,843	-	-	635,843
Prepaid items	2,294	-	-	2,294
	<u>6,677,712</u>	<u>1,899,352</u>	<u>16,995</u>	<u>8,594,059</u>
Total Assets	<u>\$ 7,587,238</u>	<u>2,092,530</u>	<u>61,515</u>	<u>9,741,283</u>
LIABILITIES				
Accounts payable	\$ 21,014	185,907	32,548	239,469
Wages payable	176,360	5,574	8,451	190,385
Payroll withholdings	49,227	1,697	3,521	54,445
Escrow and court bonds payable	635,843	-	-	635,843
Total Liabilities	<u>882,444</u>	<u>193,178</u>	<u>44,520</u>	<u>1,120,142</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
PILOTS	27,082	-	-	27,082
FUND BALANCES				
Nonspendable:				
Prepaid items	2,294	-	-	2,294
Restricted for:				
Law enforcement training	46,981	-	-	46,981
Stormwater projects	-	1,835,370	-	1,835,370
Capital improvements	-	-	16,995	16,995
Sewer lateral projects	-	63,982	-	63,982
Assigned for:				
Subsequent year's budget	541,267	-	-	541,267
Unassigned	6,087,170	-	-	6,087,170
Total Fund Balances	<u>6,677,712</u>	<u>1,899,352</u>	<u>16,995</u>	<u>8,594,059</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 7,587,238</u>	<u>2,092,530</u>	<u>61,515</u>	<u>9,741,283</u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 8,594,059
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 \$17,786,300 and the accumulated depreciation is \$4,976,291.	12,810,009
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.	27,082
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	3,894,625
Deferred outflows related to pensions	1,098,734
Deferred inflows related to pensions	(765,427)
Interest subsidy receivable	15,202
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	(642,462)
Accrued interest payable	(46,654)
Certificates of participation	(2,410,000)
Unamortized bond premium	(11,315)
Total Net Position Of Governmental Activities	<u>\$ 22,563,853</u>

CITY OF FRONTENAC, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Municipal taxes	\$ 4,300,981	951,744	1,093,228	6,345,953
Intergovernmental	112,954	94,272	24,275	231,501
Licenses	490,469	-	-	490,469
Police and fire protection	506,858	-	-	506,858
Municipal division fines	118,971	-	-	118,971
Investment income	118,925	-	-	118,925
Federal interest subsidy	-	-	50,077	50,077
Other	650,174	37,727	-	687,901
Total Revenues	<u>6,299,332</u>	<u>1,083,743</u>	<u>1,167,580</u>	<u>8,550,655</u>
EXPENDITURES				
Current:				
Administration	640,755	-	127,546	768,301
Board and commissions	18,045	-	-	18,045
Building department	264,656	-	2,224	266,880
Fire department	2,339,950	-	82,633	2,422,583
Legal department	143,439	-	-	143,439
Municipal building	-	-	190,287	190,287
Municipal division	105,279	-	-	105,279
Police department	2,753,196	-	60,229	2,813,425
Public works	-	26,839	484,053	510,892
Stormwater	-	173,205	-	173,205
Capital outlay	-	948,461	270,808	1,219,269
Debt service:				
Principal	-	-	225,000	225,000
Interest	-	-	152,291	152,291
Total Expenditures	<u>6,265,320</u>	<u>1,148,505</u>	<u>1,595,071</u>	<u>9,008,896</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>34,012</u>	<u>(64,762)</u>	<u>(427,491)</u>	<u>(458,241)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	28,370	4,420	-	32,790
Transfers in	-	-	6,461,768	6,461,768
Transfers out	(6,461,768)	-	-	(6,461,768)
Total Other Financing Sources (Uses)	<u>(6,433,398)</u>	<u>4,420</u>	<u>6,461,768</u>	<u>32,790</u>
NET CHANGE IN FUND BALANCES	(6,399,386)	(60,342)	6,034,277	(425,451)
FUND BALANCES (DEFICIT), JULY 1	<u>13,077,098</u>	<u>1,959,694</u>	<u>(6,017,282)</u>	<u>9,019,510</u>
FUND BALANCES, JUNE 30	<u>\$ 6,677,712</u>	<u>1,899,352</u>	<u>16,995</u>	<u>8,594,059</u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change In Fund Balances - Governmental Funds \$ (425,451)

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 \$567,921 exceeded capital outlay over the capitalization threshold totaling \$304,503 in the current period. (263,418)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations):
 Cost of disposals, net of accumulated depreciation (39,681)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (22,680)

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 225,000

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 (185,914)
 Accrued interest on debt 2,771
 Pension expense (55,760)

Change In Net Position Of Governmental Activities \$ (763,840)

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 Alderpersons 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. 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. Their expenditures are generally recognized when the related fund liability is incurred.

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.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Division receivables are shown net of an allowance for uncollectibles of \$17,050, and ambulance revenues are shown net of an allowance for uncollectibles of \$21,004. 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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, if any. The interfund balances are expected to be repaid within the upcoming fiscal year.

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 accrue vacation at rates based on years of continuous full-time employment. 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 firefighters.

The accrued compensated absences benefit liability is recorded in the government-wide financial statements as long-term debt and is expected to be paid from future resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

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 Alderpersons, the highest level of decision-making authority.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balances (Continued)

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 Alderpersons 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 its residents and to 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, 2020, the City had gross charges totaling \$265,359. The gross charges were reduced by amounts disallowed by the insurance companies, Medicare, and Medicaid totaling \$95,948, uncollectible amounts (amounts referred to collections) totaling \$39,072, and a refund amount of \$5,465.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Property Taxes (Continued)

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, 2020, 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, 2020, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities Less Than One Year</u>	<u>Credit Risk</u>
Money market funds	\$ 7,367,655	7,367,655	Not rated

Investment Policies

The City's formal investment policies are as follows:

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 pre-qualifying 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, 2020, the City had the following investment concentrations:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
Money market funds - certain banks greater than 5%	\$ 7,279,210	98.80 %

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE B - CASH AND INVESTMENTS (Continued)

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 prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City only has money market funds as of June 30, 2020, which are not measured at fair value and are excluded from the fair value hierarchy.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

	For The Year Ended June 30, 2020			Balance June 30 2020
	Balance June 30 2019	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 26,900	-	-	26,900
Construction in Progress	-	56,621	-	56,621
Total Capital Assets not Being Depreciated	<u>26,900</u>	<u>56,621</u>	<u>-</u>	<u>83,521</u>
Capital assets being depreciated:				
Buildings and other improvements	11,170,384	-	-	11,170,384
Office furniture and equipment	95,954	-	-	95,954
Machinery and equipment	2,451,051	214,482	143,360	2,522,173
Infrastructure	3,880,868	33,400	-	3,914,268
Total Capital Assets Being Depreciated	<u>17,598,257</u>	<u>247,882</u>	<u>143,360</u>	<u>17,702,779</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	2,410,332	279,628	-	2,689,960
Office furniture and equipment	92,832	1,135	-	93,967
Machinery and equipment	1,132,385	198,732	103,679	1,227,438
Infrastructure	876,500	88,426	-	964,926
Total Accumulated Depreciation	<u>4,512,049</u>	<u>567,921</u>	<u>103,679</u>	<u>4,976,291</u>
Total Capital Assets Being Depreciated, Net	<u>13,086,208</u>	<u>(320,039)</u>	<u>39,681</u>	<u>12,726,488</u>
Total Capital Assets, Net	<u>\$ 13,113,108</u>	<u>(320,039)</u>	<u>39,681</u>	<u>12,810,009</u>

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended June 30 2020
Administration	\$ 8,100
Building department	6,061
Fire department	85,348
Municipal building	275,069
Police department	61,584
Public works	100,974
Stormwater	30,785
Total	<u>\$ 567,921</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. The pension liability is generally liquidated by the General Fund, Capital Improvements Fund, and Stormwater Fund.

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.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

	2020 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>52</u>
Total	<u>99</u>

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 5.8% (General), 10.0% (Police), and 0.8% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2020.

Actuarial Assumptions

The total pension liability in the February 29, 2020 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

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

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 29, 2020 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate Of Return</u>
Alpha	15.00%	3.67%
Equity	35.00	4.78
Fixed income	31.00	1.41
Real assets	36.00	3.29
Strategic assets	8.00	5.25
Cash/leverage	(25.00)	(0.29)

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.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2019	\$ 20,105,602	25,339,650	(5,234,048)
Changes for the year			
Service cost	451,973	-	451,973
Interest	1,446,096	-	1,446,096
Difference between expected and actual experience	(23,998)	-	(23,998)
Contributions - employer	-	242,181	(242,181)
Net investment income	-	319,197	(319,197)
Benefit payments, including refunds	(776,533)	(776,533)	-
Administrative expense	-	(12,103)	12,103
Other changes	-	(14,627)	14,627
Net Changes	<u>1,097,538</u>	<u>(241,885)</u>	<u>1,339,423</u>
Balances at June 30, 2020	<u>\$ 21,203,140</u>	<u>25,097,765</u>	<u>(3,894,625)</u>

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)	<u>(\$ 871,903)</u>	<u>(3,894,625)</u>	<u>(6,399,748)</u>

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

For the year ended June 30, 2020, the City recognized negative pension expense of \$297,941. Reported deferred outflows and inflows of resources are related to the following sources:

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE D - PENSION PLAN (Continued)

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 335,634	(765,427)	(429,793)
Assumption changes	131,345	-	131,345
Net difference between projected and actual earnings	<u>631,755</u>	<u>-</u>	<u>631,755</u>
Total	<u>\$ 1,098,734</u>	<u>(765,427)</u>	<u>333,307</u>

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

<u>For The Plan Years Ending June 30</u>	
2021	\$ (123,095)
2022	56,625
2023	256,709
2024	219,543
2025	(62,963)
Thereafter	<u>(13,512)</u>
Total	<u>\$ 333,307</u>

NOTE E - LONG-TERM LIABILITIES

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

	<u>For The Year Ended June 30, 2020</u>				<u>Due Within One Year</u>
	<u>Balance June 30 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2020</u>	
Certificates of participation	\$ 2,635,000	-	225,000	2,410,000	230,000
Plus - premium	12,608	-	1,293	11,315	-
Compensated absences	<u>456,548</u>	<u>660,510</u>	<u>474,596</u>	<u>642,462</u>	<u>321,231</u>
Total	<u>\$ 3,104,156</u>	<u>660,510</u>	<u>700,889</u>	<u>3,063,777</u>	<u>551,231</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.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

NOTE E - LONG-TERM LIABILITIES (Continued)

Certificates of Participation

In October 2009, the City issued \$4,010,000 in Certificates of Participation (Series 2009A 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
2021	\$ 230,000	139,961	369,961
2022	240,000	127,356	367,356
2023	250,000	114,205	364,205
2024	255,000	100,505	355,505
2025	265,000	86,531	351,531
2026 - 2029	1,170,000	179,995	1,349,995
Total	<u>\$ 2,410,000</u>	<u>748,553</u>	<u>3,158,553</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 \$55,000 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.

NOTE G - INSURANCE (Continued)

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 agreement is effective through December 31, 2021, and automatically renews until canceled. The total charges for these services rendered during the year ended June 30, 2020 were \$103,647.

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. The agreement is effective until cancelled. During the year ended June 30, 2020, the City paid \$292,608 to WCDC, which included \$13,132 for phone and internet charges.

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

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$6,191,260 of restricted net position, \$1,963,328 of which is restricted by enabling legislation.

NOTE J - TAX ABATEMENTS

Under RSMo Chapter 353, real property tax abatement is available within blighted areas. Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible an urban redevelopment corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for assessed value of the eligible property is abated. At the end of the fiscal year 2020, the City had one active Chapter 353 project. For the year ended June 30, 2020, approximately \$20,800 of City real estate property tax was abated through this program. For the year ended June 30, 2020, the City's stormwater tax was also abated for this same project amounting to approximately \$14,000.

NOTE K - COMMITMENTS AND 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.

The City has entered into agreements with contractors for various construction projects. As of June 30, 2020 the remaining contract commitments were \$433,493.

NOTE L - SUBSEQUENT EVENTS

In October 2020, the City entered into a lease purchase agreement for \$2,590,000 to refinance the 2009 Certification of Participation bonds and to finance the acquisition of an ambulance.

As a result of COVID-19 coronavirus, the ongoing spread continues to lead to economic uncertainty. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time. In addition, the amount of tax collections after year-end and other factors could be significantly affected by the COVID-19 pandemic due to economic slowdown issues.

NOTE M - FUTURE ACCOUNTING PRONOUNCEMENTS

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

- In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 87, *Leases* has been postponed 18 months, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* has been postponed one year.
- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Municipal Taxes				
General sales	\$ 1,625,359	1,625,359	1,336,452	(288,907)
Property	1,313,936	1,313,936	1,339,839	25,903
Fire department sales	589,330	589,330	475,872	(113,458)
Public safety sales	197,814	197,814	184,565	(13,249)
Local option sales	506,618	506,618	410,215	(96,403)
Use tax	117,328	117,328	187,033	69,705
Utilities	463,700	463,700	367,005	(96,695)
Total Municipal Taxes	<u>4,814,085</u>	<u>4,814,085</u>	<u>4,300,981</u>	<u>(513,104)</u>
Intergovernmental				
Gasoline	109,200	109,200	105,607	(3,593)
Cigarette	7,150	7,150	7,347	197
Total Intergovernmental	<u>116,350</u>	<u>116,350</u>	<u>112,954</u>	<u>(3,396)</u>
Licenses				
Merchants	390,820	390,820	355,889	(34,931)
Liquor	8,828	8,828	10,147	1,319
PILOTS	150,637	150,637	124,433	(26,204)
Total Licenses	<u>550,285</u>	<u>550,285</u>	<u>490,469</u>	<u>(59,816)</u>
Police and Fire Protection	<u>498,854</u>	<u>498,854</u>	<u>506,858</u>	<u>8,004</u>
Municipal Division Fines	<u>160,000</u>	<u>160,000</u>	<u>118,971</u>	<u>(41,029)</u>
Investment Income	<u>125,437</u>	<u>125,437</u>	<u>118,925</u>	<u>(6,512)</u>
Other				
Building permits	241,000	241,000	450,142	209,142
Lease income	59,820	59,820	60,733	913
Cable television	63,100	63,100	67,588	4,488
Miscellaneous	109,950	109,950	71,711	(38,239)
Total Other	<u>473,870</u>	<u>473,870</u>	<u>650,174</u>	<u>176,304</u>
Total Revenues	<u>6,738,881</u>	<u>6,738,881</u>	<u>6,299,332</u>	<u>(439,549)</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, 2020

	<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	1,855	1,855	2,224	369
Insurance	76,512	76,512	86,739	10,227
Legal and professional	108,982	108,982	22,928	(86,054)
Meetings and seminars	7,283	7,283	3,116	(4,167)
Mileage reimbursement	1,250	1,250	555	(695)
Miscellaneous	12,798	12,798	14,933	2,135
Office supplies	1,200	1,200	2,170	970
Postage	6,000	6,000	6,149	149
Printing and publishing	6,500	6,500	2,760	(3,740)
Public relations	4,400	4,400	15,816	11,416
Salaries and benefits	482,894	482,894	482,829	(65)
Training and education	885	885	536	(349)
Total Administration	<u>710,559</u>	<u>710,559</u>	<u>640,755</u>	<u>(69,804)</u>
Boards and Commissions				
Dues and memberships	3,200	3,200	3,121	(79)
Elections	2,000	2,000	2,667	667
Liability insurance	9,380	9,380	9,486	106
Meetings and seminars	1,400	1,400	450	(950)
Office supplies	100	100	-	(100)
Printing and publishing	600	600	2,321	1,721
Total Boards And Commissions	<u>16,680</u>	<u>16,680</u>	<u>18,045</u>	<u>1,365</u>
Building Department				
Meetings and seminars	3,000	3,000	1,543	(1,457)
Dues and memberships	400	400	415	15
Mileage reimbursement	350	350	-	(350)
Office supplies	1,300	1,300	775	(525)
Printing and publishing	250	250	-	(250)
Professional services	10,000	10,000	24,674	14,674
Salaries and benefits	239,265	239,265	236,960	(2,305)
Uniforms	600	600	289	(311)
Total Building Department	<u>255,165</u>	<u>255,165</u>	<u>264,656</u>	<u>9,491</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Fire Department				
Dues and memberships	4,500	4,500	4,594	94
EMS supplies	11,500	11,500	16,201	4,701
Meetings and seminars	3,000	3,000	1,227	(1,773)
Mileage reimbursement	500	500	-	(500)
Miscellaneous	5,000	5,000	4,715	(285)
Physical examinations	9,000	9,000	1,510	(7,490)
Professional services	11,500	11,500	10,476	(1,024)
Public relations	2,000	2,000	-	(2,000)
Salaries and benefits	2,215,683	2,215,683	2,180,288	(35,395)
Dispatch services	100,000	100,000	103,647	3,647
Specialized training	15,500	15,500	10,413	(5,087)
Uniforms	13,000	13,000	6,879	(6,121)
Total Fire Department	<u>2,391,183</u>	<u>2,391,183</u>	<u>2,339,950</u>	<u>(51,233)</u>
Legal Department				
City attorney legal services	30,000	90,000	93,573	3,573
City attorney retainer	15,000	15,000	15,000	-
Professional services	20,000	20,000	2,030	(17,970)
Prosecuting attorney	30,000	30,000	32,836	2,836
Total Legal Department	<u>95,000</u>	<u>155,000</u>	<u>143,439</u>	<u>(11,561)</u>
Municipal Division				
Dues and memberships	140	140	30	(110)
Judge retainer	12,500	12,500	12,000	(500)
Maintenance and repair	6,500	6,500	7,556	1,056
Meetings and seminars	1,700	1,700	694	(1,006)
Mileage reimbursement	300	300	285	(15)
Miscellaneous	500	500	369	(131)
Office supplies	1,000	1,000	570	(430)
Printing	650	650	585	(65)
Salaries and benefits	83,386	83,386	83,140	(246)
Training and education	-	-	50	50
Total Municipal Division	<u>106,676</u>	<u>106,676</u>	<u>105,279</u>	<u>(1,397)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Police Department				
Communications	29,000	29,000	28,045	(955)
Detective bureau	400	400	453	53
Dispatch consortium	289,400	289,400	286,829	(2,571)
Dues and memberships	1,500	1,500	1,468	(32)
Miscellaneous	500	500	273	(227)
Office supplies	5,000	5,000	4,016	(984)
Patrol	5,000	5,000	2,792	(2,208)
Physical exams	1,000	1,000	-	(1,000)
Prisoner detention	300	300	83	(217)
Salaries and benefits	2,402,616	2,402,616	2,402,303	(313)
Specialized training	18,500	18,500	15,973	(2,527)
Traffic safety unit	400	400	400	-
Uniforms	14,000	14,000	10,561	(3,439)
Total Police Department	<u>2,767,616</u>	<u>2,767,616</u>	<u>2,753,196</u>	<u>(14,420)</u>
Total Expenditures	<u>6,342,879</u>	<u>6,402,879</u>	<u>6,265,320</u>	<u>(137,559)</u>
REVENUES OVER EXPENDITURES	<u>396,002</u>	<u>336,002</u>	<u>34,012</u>	<u>(301,990)</u>
OTHER FINANCING SOURCES				
(USES)				
Sale of capital assets	25,000	25,000	28,370	3,370
Transfers out	-	(6,461,768)	(6,461,768)	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>(6,436,768)</u>	<u>(6,433,398)</u>	<u>3,370</u>
NET CHANGE IN FUND BALANCE	<u>\$ 421,002</u>	<u>(6,100,766)</u>	<u>(6,399,386)</u>	<u>(298,620)</u>
FUND BALANCE, JULY 1			<u>13,077,098</u>	
FUND BALANCE, JUNE 30			<u>\$ 6,677,712</u>	

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, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Municipal taxes - sales tax	\$ 1,137,128	1,137,128	951,744	(185,384)
Intergovernmental	392,044	392,044	94,272	(297,772)
Other	37,330	37,330	37,727	397
Total Revenues	<u>1,566,502</u>	<u>1,566,502</u>	<u>1,083,743</u>	<u>(482,759)</u>
EXPENDITURES				
Current:				
Public works	37,000	37,000	26,839	(10,161)
Stormwater	166,267	166,267	173,205	6,938
Capital outlay	1,232,548	1,232,548	948,461	(284,087)
Total Expenditures	<u>1,435,815</u>	<u>1,435,815</u>	<u>1,148,505</u>	<u>(287,310)</u>
REVENUES OVER (UNDER) EXPEN- DITURES	130,687	130,687	(64,762)	(195,449)
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	4,420	4,420
NET CHANGE IN FUND BALANCE	<u>\$ 130,687</u>	<u>130,687</u>	(60,342)	<u>(191,029)</u>
FUND BALANCE, JULY 1			<u>1,959,694</u>	
FUND BALANCE, JUNE 30			<u>\$1,899,352</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, 2020**

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 Alderpersons 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. The City budgets expenditures in excess of revenues and available fund balance in the Capital Improvement Fund which per the City's budget procedure effects the amount due to the General Fund.
- 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 Alderpersons for each fiscal year.
- d. The Board of Alderpersons 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 Alderpersons may amend or authorize supplemental appropriations to the budget.
- f. The City's legal level of budgetary control is at the fund level.
- g. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2020, the General Fund's Boards and Commissions department and Building department had expenditures exceeding appropriations by \$1,365 and \$9,491, respectively. These over expenditures were covered by current year revenues, available fund balance, or will be recovered by future year's revenues.

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service cost	\$ 451,973	447,572	442,435	444,045	435,216	430,231
Interest on the total pension liability	1,446,096	1,344,356	1,275,133	1,253,845	1,158,022	1,091,955
Difference between expected and actual experience	(23,998)	352,640	(163,577)	(901,366)	(243,412)	(53,941)
Changes of assumptions	-	-	-	-	521,075	-
Benefit payments, including refunds	<u>(776,533)</u>	<u>(711,412)</u>	<u>(495,791)</u>	<u>(508,227)</u>	<u>(597,284)</u>	<u>(522,874)</u>
Net Change In Total Pension Liability	1,097,538	1,433,156	1,058,200	288,297	1,273,617	945,371
Total Pension Liability Beginning	<u>20,105,602</u>	<u>18,672,446</u>	<u>17,614,246</u>	<u>17,325,949</u>	<u>16,052,332</u>	<u>15,106,961</u>
Total Pension Liability Ending (a)	<u>\$ 21,203,140</u>	<u>\$ 20,105,602</u>	<u>18,672,446</u>	<u>17,614,246</u>	<u>17,325,949</u>	<u>16,052,332</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 242,181	229,258	260,070	250,536	302,286	361,464
Contributions - employee	-	382,446	-	-	-	63,038
Net investment income	319,197	1,613,171	2,679,159	2,244,989	(37,876)	371,820
Benefit payments, including refunds	(776,533)	(711,412)	(495,791)	(508,227)	(597,284)	(522,874)
Administrative expense	(12,103)	(10,628)	(7,171)	(7,081)	(6,982)	(7,642)
Other changes	<u>(14,627)</u>	<u>130,354</u>	<u>131,020</u>	<u>(399,437)</u>	<u>49,541</u>	<u>333,669</u>
Net Change In Plan Fiduciary Net Position	(241,885)	1,633,189	2,567,287	1,580,780	(290,315)	599,475
Plan Fiduciary Net Position Beginning	<u>25,339,650</u>	<u>23,706,461</u>	<u>21,139,174</u>	<u>19,558,394</u>	<u>19,848,709</u>	<u>19,249,234</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 25,097,765</u>	<u>25,339,650</u>	<u>23,706,461</u>	<u>21,139,174</u>	<u>19,558,394</u>	<u>19,848,709</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ (3,894,625)</u>	<u>(5,234,048)</u>	<u>(5,034,015)</u>	<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	118.37 %	126.03	126.96	120.01	112.88	123.65
Covered Payroll (for February 28/29 Valuation)	\$ 4,362,975	4,229,496	4,190,729	4,083,046	4,098,160	4,013,489
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(89.27) %	(123.75)	(120.12)	(86.33)	(54.47)	(94.59)

Notes:

Information is not available for fiscal years prior to 2015.

Vested active LAGERS members who have previous non-Federal Missouri public employment that were not covered by a retirement plan or that were covered by a retirement plan but 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined pension contribution	\$ 242,180	229,025	260,302	250,537	302,286	381,092	350,822	386,206	355,736	371,256
Contributions in relation to the actuarially determined contribution	242,180	229,025	260,302	250,537	302,286	361,465	323,238	298,183	252,067	236,765
Contribution Deficiency	\$ -	-	-	-	-	19,627	27,584	88,023	103,669	134,491
Covered Payroll	\$ 4,302,136	4,151,714	4,184,170	4,118,679	4,060,061	4,099,049	4,005,877	3,792,652	3,682,697	3,941,114
Contributions as a Percentage of Covered Payroll	5.63 %	5.52	6.22	6.08	7.45	8.82	8.07	7.86	6.84	6.01

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:

<p>Actuarial cost method</p> <p>Amortization method</p> <p>Remaining amortization period</p> <p>Asset valuation method</p> <p>Inflation</p> <p>Salary increases</p> <p>Investment rate of return</p> <p>Retirement age</p> <p>Mortality</p>	<p>Entry age normal and modified terminal funding</p> <p>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.</p> <p>Multiple bases from 12 to 15 years</p> <p>5 years smoothed market; 20% corridor</p> <p>3.25% wage inflation; 2.50% price inflation</p> <p>3.25% to 7.15%; including wage inflation</p> <p>7.25%, net of investment expenses</p> <p>Experience-based table of rates that are specific to the type of eligibility condition</p> <p>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.</p>
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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, 2020

	<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	\$ 1,001,864	1,001,864	808,982	(192,882)
Road and bridge	267,335	267,335	284,246	16,911
Intergovernmental	59,347	59,347	24,275	(35,072)
Federal interest subsidy	49,500	49,500	50,077	577
Total Revenues	<u>1,378,046</u>	<u>1,378,046</u>	<u>1,167,580</u>	<u>(210,466)</u>
EXPENDITURES				
Current:				
Administration	121,123	121,123	127,546	6,423
Building department	3,200	3,200	2,224	(976)
Fire department	116,600	116,600	82,633	(33,967)
Municipal building	201,220	201,220	190,287	(10,933)
Police department	70,500	70,500	60,229	(10,271)
Public works	486,663	486,663	484,053	(2,610)
Capital outlay	487,020	487,020	270,808	(216,212)
Debt service:				
Principal	225,000	225,000	225,000	-
Interest	152,291	152,291	152,291	-
Total Expenditures	<u>1,863,617</u>	<u>1,863,617</u>	<u>1,595,071</u>	<u>(268,546)</u>
REVENUES UNDER EXPENDITURES	(485,571)	(485,571)	(427,491)	(58,080)
OTHER FINANCING SOURCES				
Transfers in	-	6,461,768	6,461,768	-
NET CHANGE IN FUND BALANCE	<u>\$ (485,571)</u>	<u>5,976,197</u>	6,034,277	<u>(58,080)</u>
FUND BALANCE (DEFICIT), JULY 1			<u>(6,017,282)</u>	
FUND BALANCE, JUNE 30			<u>\$ 16,995</u>	

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SECTION III - STATISTICAL SECTION

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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.	47 - 50
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	51 - 57
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	58 - 60
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	61 - 63
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	64 - 66

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

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

	For The Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investment in capital assets	\$ 10,388,694	10,465,500	10,549,472	10,144,235	10,340,120	10,484,378	10,050,069	15,515,379	14,455,897	13,400,325
Restricted for:										
Law enforcement training	46,981	46,924	52,738	58,540	60,892	67,103	62,667	54,094	44,269	36,258
Pension	4,227,932	4,283,692	3,718,484	3,517,585	4,222,730	4,574,122	4,211,092	-	-	-
Stormwater projects	1,835,370	1,906,600	1,453,033	584,047	1,515,471	1,466,380	1,176,071	983,890	950,789	1,331,060
Capital improvements	16,995	-	-	-	-	-	-	-	-	-
Sewer lateral projects	63,982	53,094	50,131	43,295	53,589	61,857	59,979	53,514	75,679	68,901
Unrestricted	5,983,899	6,571,883	6,295,608	6,463,782	6,638,834	6,621,637	6,809,594	6,604,557	6,459,675	6,380,639
 Total Governmental Activities/Net Position	 <u>\$ 22,563,853</u>	 <u>23,327,693</u>	 <u>22,119,466</u>	 <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>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Program revenues:										
Charges for services	\$ 1,618,678	1,671,258	1,711,577	1,437,497	1,597,249	1,571,290	1,718,667	1,628,310	1,600,314	1,475,389
Operating grants and contributions	428,003	1,045,594	1,056,904	512,689	490,509	380,141	371,978	366,636	186,006	39,028
Capital grants and contributions	111,210	-	-	-	-	473,152	226,328	433,764	10,800	268,000
General revenues:										
Taxes	6,029,616	6,623,372	6,512,479	6,107,322	6,236,551	6,171,422	6,026,642	5,838,889	5,794,793	5,608,144
Federal interest subsidy	48,738	52,470	56,055	57,224	55,728	56,998	58,350	59,671	61,453	-
Investment income	118,925	134,012	42,692	39,049	24,311	28,465	30,841	37,535	36,221	19,994
Other	171,466	239,962	264,572	195,909	158,215	186,625	155,514	202,494	304,436	320,634
Total Revenues	<u>8,526,636</u>	<u>9,766,668</u>	<u>9,644,279</u>	<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>
EXPENSES										
Administration	833,388	591,734	630,882	759,311	716,876	690,213	683,753	701,676	680,559	625,511
Boards and commissions	18,045	15,909	17,587	15,843	15,876	18,477	16,137	18,105	15,469	15,714
Building department	294,669	186,140	249,015	251,356	265,562	223,745	237,701	248,116	231,358	215,640
Fire department	2,616,489	2,380,714	2,209,395	2,949,483	2,567,888	2,345,213	2,244,098	2,132,554	2,078,641	1,923,470
Legal department	143,439	98,096	87,686	79,075	69,271	60,046	53,223	37,008	36,583	34,363
Municipal building	465,789	456,294	485,533	464,032	469,960	476,328	482,113	477,265	447,647	289,129
Municipal division	111,458	80,208	102,052	125,229	152,929	137,991	142,625	146,083	148,790	131,482
Police department	2,933,463	2,740,062	2,916,308	2,840,140	2,779,273	2,434,495	2,689,626	2,485,310	2,428,191	2,778,994
Public works	618,121	563,556	568,708	579,435	597,542	561,807	566,957	540,454	525,418	588,472
Stormwater	1,108,727	1,286,875	898,679	2,127,483	1,186,140	822,612	402,750	353,390	319,009	217,578
Interest on long-term debt	146,888	158,853	170,452	178,455	185,087	191,161	196,763	202,213	211,595	155,234
Total Expenses	<u>9,290,476</u>	<u>8,558,441</u>	<u>8,336,297</u>	<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>
CHANGE IN NET POSITION	<u>\$ (763,840)</u>	<u>1,208,227</u>	<u>1,307,982</u>	<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>

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

	For The Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 2,294	6,142,695	5,819,114	5,316,928	4,834,836	4,684,348	4,291,191	3,959,543	3,415,373	2,972,188
Restricted	46,981	46,924	52,738	58,540	60,892	67,103	62,667	54,094	44,269	36,258
Assigned	541,267	-	-	-	-	-	-	-	-	-
Unassigned	6,087,170	6,887,479	6,575,996	6,473,926	6,921,892	6,927,908	7,121,319	6,922,830	6,895,856	6,745,650
Total General Fund	<u>\$ 6,677,712</u>	<u>\$ 13,077,098</u>	<u>12,447,848</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ -	-	-	261,469	-	5,998	-	12,194	11,545	-
Restricted	1,916,347	1,959,694	1,503,164	627,222	1,569,060	1,528,237	1,236,050	1,037,216	1,026,468	1,399,961
Unassigned	-	(6,017,282)	(5,649,348)	(5,133,449)	(4,710,837)	(4,520,001)	(4,131,378)	(3,847,573)	(3,422,305)	(2,972,188)
Total All Other Governmental Funds	<u>\$ 1,916,347</u>	<u>\$ (4,057,588)</u>	<u>(4,146,184)</u>	<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>
Total General And Other Funds	<u>\$ 8,594,059</u>	<u>\$ 9,019,510</u>	<u>8,301,664</u>	<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>

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

	For The Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Municipal taxes	\$ 6,345,953	6,909,646	6,798,681	6,387,163	6,489,802	6,434,288	6,281,941	6,096,429	5,800,458	5,605,585
Intergovernmental (cigarette and fuel tax)	112,954	115,874	116,874	118,713	118,247	116,291	112,392	110,058	115,877	122,294
Licenses and permits	940,611	957,406	873,163	684,368	569,508	623,589	640,399	532,989	531,805	525,986
Charges for services (Police, Fire, and EMS)	506,858	501,276	524,979	500,556	508,661	509,164	482,222	488,399	442,028	478,070
Municipal division fines and forfeitures	118,971	154,193	238,877	170,329	226,789	362,531	510,188	524,253	589,503	434,049
Rental income (cell tower leases)	60,733	55,221	54,307	49,787	49,418	60,008	60,008	60,008	60,008	60,008
Grants and MSD contributions	118,547	646,281	654,929	110,000	111,000	473,152	226,328	433,764	196,806	307,028
Investment income	118,925	134,012	42,692	39,049	24,311	28,465	30,841	37,535	36,221	19,994
Other	227,103	277,901	330,063	284,837	435,983	259,621	272,521	283,455	226,982	175,616
Total Revenues	<u>8,550,655</u>	<u>9,751,810</u>	<u>9,634,565</u>	<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>
EXPENDITURES										
Administration	768,301	647,335	633,029	646,065	623,717	671,757	617,775	614,175	614,599	549,289
Board and commissions	18,045	15,909	17,587	15,843	15,876	18,477	16,137	18,105	15,469	15,714
Building department	266,880	242,522	240,204	236,019	253,516	236,684	227,965	251,031	223,181	208,243
Fire department	2,422,583	2,531,152	2,418,422	2,398,512	2,385,661	2,315,850	2,191,523	2,099,902	2,026,352	1,848,817
Legal department	143,439	98,096	87,686	79,075	69,271	60,046	53,223	37,008	36,583	34,363
Municipal building	190,287	197,075	235,008	189,366	192,721	200,993	195,178	184,802	155,374	137,394
Municipal division	105,279	100,610	101,676	121,070	147,843	143,095	142,763	142,393	148,669	131,431
Police department	2,813,425	2,651,414	2,715,498	2,609,880	2,572,903	2,630,532	2,574,554	2,411,659	2,399,574	2,642,639
Public works	510,892	499,040	472,176	469,888	460,762	473,769	484,258	467,262	441,092	447,257
Stormwater	173,205	150,127	145,968	149,303	147,137	166,770	142,050	137,625	133,706	128,800
Capital outlay	1,219,269	1,563,676	1,514,902	2,131,927	1,298,407	1,451,038	1,144,963	1,650,524	1,650,339	6,195,344
Debt service:										
Principal	225,000	215,000	210,000	200,000	195,000	190,000	185,000	180,000	175,000	170,000
Interest	152,291	164,073	175,581	181,831	188,655	194,354	199,906	205,306	210,554	154,193
Total Expenditures	<u>9,008,896</u>	<u>9,076,029</u>	<u>8,967,737</u>	<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>
REVENUES OVER (UNDER) EXPENDITURES	<u>(458,241)</u>	<u>675,781</u>	<u>666,828</u>	<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>
OTHER FINANCING SOURCES										
Sale of capital assets	32,790	15,335	30,200	12,770	-	-	-	-	-	-
Insurance recovery	-	26,730	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>32,790</u>	<u>42,065</u>	<u>30,200</u>	<u>12,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (425,451)</u>	<u>717,846</u>	<u>697,028</u>	<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>
Debt service as a percentage of noncapital expenditures	4.33 %	4.31	4.69	4.09	4.57	4.77	5.38	5.66	5.86	5.01

CITY OF FRONTENAC, MISSOURI
MUNICIPAL TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

For The Years Ended June 30	Sales Tax (1)	Motor Vehicle Sales Tax	Real And Personal Property Tax	Road And Bridge	Electric Gross Receipts	Natural Gas Gross Receipts	Telephone Gross Receipts	Water Gross Receipts	Total Municipal Tax Revenue
2020	\$ 4,324,050	\$ 30,813	\$ 1,339,839	\$ 284,246	\$ 219,937	\$ 45,738	\$ 76,076	\$ 25,254	\$ 6,345,953
2019	4,890,819	30,422	1,286,782	260,121	256,537	53,781	105,056	26,128	6,909,646
2018	4,757,970	31,512	1,273,497	261,555	276,294	54,708	120,724	22,421	6,798,681
2017	4,423,266	30,841	1,243,807	252,624	251,812	46,695	118,336	19,782	6,387,163
2016	4,552,043	29,288	1,192,776	242,333	271,618	46,489	134,935	20,320	6,489,802
2015	4,423,905	27,924	1,192,587	245,083	305,744	64,236	148,622	26,187	6,434,288
2014	4,288,649	26,053	1,175,159	242,512	308,752	63,351	153,976	23,489	6,281,941
2013	4,109,297	19,815	1,175,736	245,534	290,512	61,635	161,139	32,761	6,096,429
2012	3,833,321	21,465	1,171,928	244,002	257,328	50,140	191,333	30,941	5,800,458
2011	3,607,141	20,620	1,167,078	250,370	274,417	60,857	197,712	27,390	5,605,585

(1) See page 57 for detailed sales tax information.

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**
2020	\$ 231,905,780	\$ 70,252,170	\$ 1,975,483	\$ 28,189,370	\$ 332,322,803	\$ 1,524,671,336	22 %	\$ 0.435
2019	226,647,260	65,929,010	1,900,589	19,928,845	314,405,704	1,458,700,986	22	0.435
2018	199,049,470	48,386,600	1,601,926	19,874,142	268,912,138	1,258,465,303	21	0.483
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

(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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Frontenac	0.4350	0.4350	0.4830	0.4810	0.4970	0.4970	0.4980	0.4960	0.4900	0.4890
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)	0.4430	0.4430	0.4890	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230	0.5230
County general	0.1760	0.1760	0.1950	0.1950	0.2060	0.2060	0.2090	0.2090	0.2090	0.2090
County Health Fund	0.1180	0.1180	0.1310	0.1310	0.1380	0.1380	0.1400	0.1400	0.1400	0.1400
County park maintenance	0.0420	0.0420	0.0460	0.0460	0.0490	0.0490	0.0500	0.0500	0.0500	0.0500
County bond retire	0.0190	0.0160	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190
Roads and bridges	0.0880	0.0880	0.0980	0.0980	0.1030	0.1030	0.1050	0.1050	0.1050	0.1050
St. Louis Community College	0.1987	0.1986	0.2129	0.2112	0.2185	0.2176	0.2200	0.2200	0.2200	0.2200
Special School District	1.1077	1.1077	1.1980	1.1912	1.2409	1.2348	1.2609	1.2400	1.0123	1.0125
Metropolitan Zoo Museum District	0.2532	0.2549	0.2724	0.2694	0.2795	0.2777	0.2797	0.2797	0.2684	0.2671
County Library:										
Residential	0.2350	0.2120	0.2340	0.2340	0.2460	0.2460	0.2500	0.2500	0.1730	0.1630
Commercial	0.2460	0.2430	0.2590	0.2530	0.2630	0.2590	0.2640	0.2640	0.1900	0.1900
Agriculture	0.2250	0.2190	0.2170	0.2150	0.2450	0.2390	0.2790	0.2790	0.2000	0.2000
Personal property	0.2750	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.1500	0.1500
School - Ladue	3.5497	3.5425	3.8237	3.8107	3.9195	3.5339	3.7000	3.6300	3.6300	3.1000
School - Kirkwood:										
Residential	3.7375	3.8361	4.3445	4.3759	4.1734	4.1377	4.2524	4.2546	4.2841	4.2878
Commercial	5.3997	5.5388	6.2030	5.8445	5.6319	5.7072	5.5436	5.4565	5.4748	5.4067
Agriculture	3.6693	3.7678	3.9520	4.1898	2.6535	2.9202	6.4082	6.5385	5.4338	5.5146
Personal property	5.4021	5.4961	5.4961	5.4971	4.8845	4.8845	4.8845	4.8845	4.8845	4.7584
Metropolitan Sewer District	0.1078	0.1077	0.1170	0.1159	0.1196	0.0876	0.0879	0.0874	0.6350	0.0818
Sewers - Deer Creek:										
Residential	0.0690	-	0.0860	0.0860	0.0860	0.0830	0.0860	0.0860	0.0840	0.0840
Commercial	0.0790	-	0.0870	0.0870	0.0870	0.0850	0.0870	0.0840	0.0830	0.0820
Agriculture	0.0600	-	0.0490	0.0490	0.0490	0.0490	0.0990	0.1000	0.0790	0.0790
Personal property	0.0930	-	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930
Sheltered Workshop:										
Residential	0.0750	0.0750	0.0840	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840	0.0840
Commercial	0.0840	0.0840	0.0890	0.0870	0.0900	0.0880	0.0900	0.0900	0.0900	0.0900
Agriculture	0.0700	0.0700	0.0700	0.0700	0.0790	0.0770	0.0900	0.0900	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). The City's direct rate reflects the residential rate assessed.

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

TAXPAYER	2020			2011		
	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)	\$ 23,736,930	1	7.80 %	\$ 15,851,940	1	7.27 %
Frontenac Prop Owner, LLC (Le Chateau)	14,659,300	2	4.82	10,145,850	2	4.65
Broad Frontenac Assoc. (Neiman and parking lot)	3,840,000	4	1.26	2,971,940	3	1.36
Frontenac Grove, LLC (formerly BF Joint Venture)	4,044,800	3	1.33	2,451,200	4	1.12
LTF Real Estate Company	3,690,390	5	1.21	-	9	-
Rrh Property Holdings, LLC (Honda lot)	2,536,900	6	0.83	1,200,570	5	0.55
Old Frontenac Square, LLC	1,593,980	7	0.52	977,980	6	0.45
Frontenac Racquet Club, Inc. (Frr Club, LLC)	1,120,630	8	0.37	900,880	7	0.41
Southern Real Estate & Financial Co.	804,860	9	0.26	693,880	8	0.32
TDG Lindbergh LLC	403,160	10	0.13	-	9	-
Total	<u>\$ 56,430,950</u>		<u>18.53 %</u>	<u>\$ 35,194,240</u>		<u>16.13 %</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
2020	2019	\$ 1,334,338	\$ 1,333,495	99.9 %	\$ 6,343	\$ 1,339,838	100.4 %	\$ -	- %
2019	2018	1,301,489	1,282,846	98.6	6,656	1,289,502	99.1	8,624	0.7
2018	2017	1,287,803	1,277,189	99.2	(3,693)	1,273,496	98.9	11,460	0.9
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

(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)
2020	1.5 %	3.513 %	4.225 %	9.238 %	\$ 189,011,700	\$ 1,890,117	\$ 584,478	30.92 %
2019	1.5	3.513	4.225	9.238	225,226,908	2,252,269	741,317	32.91
2018	1.5	3.388	4.225	9.113	216,564,300	2,165,643	702,412	32.43
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

(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	County 0.5% Public Safety Sales Tax	City 0.5% Stormwater Sales Tax	City 0.25% Local Use Tax	Total Sales Tax Revenues
2019 - 2020	\$ 1,305,639	\$ 410,215	\$ 475,872	\$ 808,982	\$ 184,565	\$ 951,744	\$ 187,033	\$ 4,324,050
2018 - 2019	1,510,951	475,668	552,091	938,551	189,835	1,104,182	119,541	4,890,819
2017 - 2018	1,463,232	469,571	548,079	931,733	137,580	1,096,156	111,619	4,757,970
2016 - 2017	1,416,067	449,707	524,899	892,319	-	1,049,802	90,472	4,423,266
2018 - 2019	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

	Collection Fee		Pool Sharing Percentage
	State	County	
1% sales tax	- %	1 %	27.98 - 32.97* %
0.25% general sales tax	-	1	14.30
0.25% fire sales tax	1	-	No sharing
0.5% capital improvements sales tax	1	-	15.00
0.5% parks and stormwater sales tax	1	-	No sharing
0.25% local use tax	1	-	No sharing

*See page 56.

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

<u>Fiscal Year</u>	<u>Certificates Of Participation</u>	<u>Percentage Of Personal Income (1)</u>	<u>Per Capita</u>
2020	\$ 2,421,315	0.86 %	695
2019	2,647,608	0.94	760
2018	2,863,901	1.02	822
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

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, 2020

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
St. Louis County	\$ 538,345,038	1.12 %	\$ 6,029,464
Kirkwood School District	13,985,000	1.05	146,843
Ladue School District	154,790,000	11.94	18,481,926
Subtotal	<u>707,120,038</u>		<u>24,658,233</u>
City of Frontenac	<u>2,421,315</u>	100.00	<u>2,421,315</u>
Total Direct And Overlapping Debt	<u><u>\$ 709,541,353</u></u>		<u><u>\$ 27,079,548</u></u>

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									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuation	<u>\$ 332,322,803</u>	<u>314,405,704</u>	<u>268,912,138</u>	<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>
Debt limit	\$ 33,232,280	31,440,570	26,891,214	26,976,172	24,635,619	24,248,682	23,792,778	23,563,531	23,762,368	23,489,776
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>\$ 33,232,280</u>	<u>31,440,570</u>	<u>26,891,214</u>	<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>
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
2020	3,482	49.2	\$ 154,162	\$ 80,768	\$ 672,200	N/A	N/A	3.4 %*	6.9 %**
2019	3,482	49.2	154,162	80,768	672,200	N/A	N/A	0.7	3.3
2018	3,482	49.2	154,162	80,768	672,200	N/A	N/A	0.7	4.1
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

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
2019 - 2020	179	\$ 36,148,991	\$ 274,719	\$ 5,881,305	\$ 30,267,686
2018 - 2019	204	36,678,884	313,015	8,859,531	27,819,353
2017 - 2018	173	34,395,541	349,599	9,966,491	24,429,050
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

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>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>
Life Time Athletic	300	1	N/A	-	-	N/A
Hilton Hotel	200	2	N/A	196	3	N/A
Neiman Marcus	145	3	N/A	210	2	N/A
Saks Fifth Ave.	107	5	N/A	163	4	N/A
Oak Hill Villa	108	4	N/A	130	5	N/A
Wells Fargo	105	6	N/A	102	6	N/A
Bricktop's	101	7	N/A	-	-	N/A
Lululemon	65	11	N/A	73	11	N/A
Brio	77	10	N/A	96	7	N/A
St. Joseph Academy	86	8	N/A	86	9	N/A
Honda of Frontenac	85	9	N/A	70	12	N/A
Cardwell's	-	-	N/A	90	8	N/A
Shriners	-	-	N/A	247	1	N/A
Ladue ECC School	-	-	N/A	85	10	N/A
Total	<u>1,379</u>			<u>1,548</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Administrative services	2.50	2.50	2.50	3.25	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 Division*	1.00	1.00	1.00	1.00	1.75	1.75	1.75	1.75	1.75	1.75
Building Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police:										
Officers	20.00	20.00	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	1.00	1.00	1.00	6.00
Fire:										
Firefighters/EMS***	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
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>52.00</u>	<u>52.00</u>	<u>53.00</u>	<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>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Arrests	144	144	157	154	120	199	324	358	437	520
Traffic violations	868	1,033	1,254	1,774	1,556	1,982	3,005	3,838	3,494	4,723
Reports	941	584	603	701	720	776	704	829	917	1,004
Vehicle accidents	260	266	265	346	474	462	233	255	245	213
Calls for service	14,211	12,205	13,536	12,629	11,978	12,488	11,931	15,568	15,308	16,799
Fire:										
EMS calls	466	450	451	445	436	441	334	388	411	343
Fire calls	450	570	616	665	676	673	502	575	595	442
Inspections	106	275	150	260	289	329	288	267	283	247
Training hours	740	2,695	3,028	2,422	2,225	2,163	1,560	1,701	2,363	2,648
City ambulance transports	297	295	334	291	298	320	267	312	332	317
Planning and Building:										
Building permits issued	179	204	173	170	205	222	184	149	161	148
Licensing:										
Business licenses issued	246	252	290	265	262	293	281	273	266	271
Liquor licenses issued	14	12	14	15	14	20	16	16	14	15
Itinerant merchant licenses	-	1	4	2	2	5	8	2	7	7
Finance:										
Accounts payable processed	2,781	2,921	3,083	3,030	2,951	2,843	2,222	2,276	2,077	2,173
Payroll payments issued	1,407	1,431	1,446	1,465	1,404	1,410	1,460	1,454	1,414	1,568
Alarm monitoring clients	201	215	227	242	285	298	291	298	296	298

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Buildings	2	2	2	2	2	2	2	2	2	2
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	8	8
Vehicles	3	3	3	3	3	3	3	3	3	3

Source: City records - various departments listed

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

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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***

November 12, 2020

Honorable Mayor and Members of the Board of Alderpersons
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 and each major fund of the **CITY OF FRONTENAC, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 12, 2020.

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
Chesterfield, Missouri