

CITY OF FRONTENAC



Annual Comprehensive Financial Report

For The Year Ended June 30, 2021

CITY OF FRONTENAC, MISSOURI

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**Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021**

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

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FINANCIAL REPORT

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Note: In line with Frontenac's Diversity, Equity and Inclusion values and GFOA recommendations, and the new name recently promulgated by the Governmental Accounting Standards Board Statement No. 98, is the *Annual Comprehensive Financial Report*, and the acronym is ACFR.

SECTION I - INTRODUCTORY SECTION

CITY OF FRONTENAC



Kate Hatfield
Mayor

Jaysen Christensen
City Administrator

December 16, 2021

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

The Annual Comprehensive Financial Report of the City of Frontenac, Missouri (the City) for the fiscal year ended June 30, 2021, is herewith 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 controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than an absolute assurance that the financial statements are free of any material misstatements.

Sikich LLP has issued an unmodified (“clean”) opinion on the City of Frontenac’s financial statements for the year ended June 30, 2021. The independent auditor’s report is located at the front of the financial section of this report.

The U.S. generally accepted accounting principles (GAAP) require 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 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 fourth-class City.

The population of Frontenac has increased year over year. In the 2020 census reporting, the population increased to 3,612, as compared to 3,428 at the 2010 census, making Frontenac the 182nd most populated City in a state of 1,028 Cities. The average age has decreased slightly, to 50.2 years young and the population has continued to diversify, with those identifying as African American making up about 3% and Asian or two or more race or ethnicities now accounting for approximately 12% of the total population.

Frontenac includes about 1,300 houses and 30 single-family villas across 1,944 acres (2.8 square miles). Frontenac has limited entry or first-time buyer homes, no licensed long-term care facilities, and no designated senior independent living apartments within its boundaries. However, extensive senior friendly housing is available in addition to in home services and long-term care at various levels of assistance for seniors in over sixty-five (65) licensed long term care facilities with over 5,000 beds is accessible within minutes. Three organizations, including the Gatesworth, maintain over 300 luxury independent senior living apartments within five miles of Frontenac City Hall.

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 three wards. Board members serve two-year terms, with three members elected every other year. The Mayor is also elected for a two-year term. The Mayor, with Board approval, appoints the City of Frontenac's administrator and the members of various City Boards, Committees and Commissions.

The City of Frontenac provides a full range of services, including police, fire and emergency medical services; leaf removal; snow removal on City thoroughfares; traffic control; building inspections; licenses and permits; the construction and maintenance of City streets; bridges; stormwater runoff projects and other infrastructure activities. In addition to services provided to the residents of Frontenac, the City provides services to surrounding communities, such as Crystal Lake Park and Huntleigh. Additionally, Frontenac collaborates with other municipalities in delivering consolidated services where efficiency and service quality improvements may be gained, such as those of the emergency 911 call center.

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., and fine dining establishments such as Kreis' Steakhouse and Bar, Flemings Prime Steakhouse and Wine Bar, Bricktops and Mariposa at Nieman Marcus. The City is home to the Hilton St. Louis Frontenac Hotel and Conference Center at La Chateau Village, providing comfortable 4-star accommodations, and two private Catholic educational facilities for K-6 and college preparatory. Major industries located in the City or proximity include two nationally recognized level 1 trauma centers, BJC Health's Missouri Baptist Hospital and Mercy Hospital St. Louis, educational facilities, manufacturers, retail stores, multiple financial institutions and insurance companies, and the County seat. The DESC group's approximately \$80 million project, which Lifetime Fitness anchors at the south end of Frontenac Plaza and a luxury villa community by McBride Homes are nearly complete. A second luxury villa community is in the early planning stages.

The City of Frontenac is in a region with a varied economic base. The year 2020 census estimates that nearly 40% of the resident population has achieved a graduate-level degree. The economic base and education achieved by residents may contribute to various reasons for the unemployment rate being consistently lower than national and state averages. Before the global pandemic, the unemployment rate had fallen from a decade high of 3.4% to 1.5%. The City of Frontenac's unemployment rate as of June 2021 was 1.5% compared to a state rate of just over 4.0% and 5.9% nationally.

Median household incomes within the City of Frontenac are significantly higher than for the state. According to the year 2019 census estimates, the City's median family income was \$217,768. This data also estimates 1.8% of Frontenac's families living in poverty, which may be related to improved life expectancy, with some outliving retirement savings or prior economic challenges, such as the recession in 2009. The most recent census estimates St. Louis County median income at \$67,420, while the state median was \$48,173. Like 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 2021, the median sale price of a single-family home in the vicinity of the City of Frontenac had increased significantly to a median list price of \$925,000.

The City's long-term planning model is utilized extensively in the budgeting process to provide a long-term estimate of the City's revenue projections, planned expenditures, and the correlation of fund balance changes through one year past the City's debt service repayment (another ten years). The model is updated periodically to enable management to review and respond to variances that may affect budget objectives and outcomes.

The current version of the City's long-term financial planning model helped confirm a decline in revenues and reserves due to COVID and increasing personnel expenses that were not sustainable. Even if retail sales exceeded pre-pandemic levels in Fiscal Year 2020 and Fiscal Year 2021, a different, more stable revenue source is needed long term. Proposition A, the property tax

increase residents passed in August, will stabilize, and diversify Frontenac's revenue base and help rebuild reserves to continue supporting public safety and other City services at levels residents and businesses rely on every day. The City anticipates continuing to assess and applying for applicable future grant funding and other State and Federal pandemic-related recovery resources, such as the Opioid settlement funds, the America Rescue Plan 2021 (ARPA), and the Infrastructure bill Congress recently passed.

The 20-year planning model assisted the City in receiving its AAA issuer credit rating from Standard & Poors during its bond issue in October 2009. The City refinanced these bonds in 2020, with a private placement to JP Morgan Chase Bank. The new interest rate of 1.36% compares favorably to the previous interest rate, 5.48%, and will result in savings to the City of more than \$230,000 over the ten-year life of the bonds.

During the past ten years, total revenues, excluding grants, increased an average of 1.8% annually. However, it is notable that retail sales tax and associated revenues are sensitive to unpredictable economic and environmental factors, including the 2009 economic recession and the ongoing global pandemic in 2021. The City shares a material percentage of sales tax revenue to the County "pool," as indicated on page 57.

Like many cities, Frontenac experienced the unprecedented, mandatory shutdown promulgated by St. Louis County with Executive Order 15, a period of forced economic shutdown from March 2020 into June 2020. This shutdown had a significant, negative impact on sales tax and other types of revenue. A few businesses have closed permanently, and several new companies have opened or planned openings in early 2022 in the Plaza and the new Desco development. While retail sales have yet to return to pre-pandemic levels and mandatory restrictions on individuals and business activities continue to varying degrees, sales tax revenues are slowly recovering to pre-pandemic levels.

Like most cities, Frontenac is a service provider and dependent on personnel. Police, fire, EMS, and administration personnel expenses make up about 86.0% of the 2021-2022 (FY 22) General Fund budget. General and Capital Fund personnel expenses make up 64.8% of public safety combined FY 22 expense budgets. In March of 2020, the City established a Strategic Plan. Five strategic priorities, action plans and routine measures have been established to continually review processes for efficiencies, response times, cycle times and service levels that have historically been important to our community's residents and businesses. Cost savings, expense reductions and cost avoidance measures helped buffer personnel expenses related to overtime, turnover, succession planning and other avoidable expenses. A review of internal data shows personnel expenses increasing an average of 1.7% over the prior ten (10) years. The City conducted a market competitive compensation analysis. Outcomes of this analysis indicated a need to adjust pay steps and wages. The Mayor and Board of Aldermen unanimously approved an adjustment to pay steps and employee cost of living adjustment (COLA) previously frozen in response to the pandemic was paid to continue attracting the most qualified employees to our City. An evaluation to adjust pay to the 60th percentile of the market is in process. The City budgeted \$4,210,889 for employee salaries in 2020-2021 (FY 21) compared to an actual ex-

penditure of \$4,193,058 in 2019-2020. This variance represents an increase of 0.42% or \$17,831. A salary freeze was implemented during FY 21 in response to the COVID pandemic. The salary freeze remained in place in the 2021-2022 budget.

Public Safety (police, fire, and EMS) is the City's most significant expense. Public safety accounts for approximately 80.6% of personnel expenses. Administrative staff, the Chiefs, Department Directors, the Board of Alderpersons, and the Ways and Means Committee continue to work together to effectively manage personnel expenses and other costs. Some of our additional successes during recent years are listed below.

- A review of variances in utility and sales tax revenues resulted in identification of missing tax revenues related to a variety of errors in processing taxes received at the State level. An internal project with consulting assistance was initiated to pursue missing tax revenues resulting in identification of about \$300,000 in missing revenue due to the City and recovery of \$260,000 to date.
- The annual cost to provide vital 911 Police and Fire/EMS emergency dispatch services was \$403,000 in FY 21. Frontenac consolidated these personnel driven emergency dispatch services in 2011 with West Central Dispatch Center (WCDC), Creve Coeur, and Town and Country, generating annual savings of about \$110,000 at inception. After reviewing many options, the City of Ladue joined WCDC in FY 21.
- Participation in the St. Louis Area Insurance Trust (SLAIT) resulted in a minimal increase of 3.0% to the City's health insurance costs for 2020-21. This increase is significantly below industry standards, which averaged 10-12% increases. The City's actual cost of the increase for 2020-2021 was more than offset by a surplus distribution of prior year premiums from SLAIT.
- Obtained grant revenue for police and fire equipment, EMS software, stormwater projects, and capital improvement projects, offsetting City expenses by almost \$1,870,000 over the past six years.
- Police, fire, and public works have all managed capital vehicle and equipment purchases to reduce costs from prior years. Estimated savings over \$15,000 annually.
- Over the past ten years, the City's overall expenditures related to public safety have increased in amount, but not as a percentage of total operational expenditures in governmental funds (currently 60.9% of operational expenditures and 56.7% of total expenditures), reflecting a ten-year increase of 2.6% for fire/EMS but a decrease of 2.3% for police.

- Over the past ten years, the City has experienced more than \$269 million in construction projects, including the DESCO development. Most of these construction projects are new single-family homes and other residential construction (72.7%). The remaining 27.3% mainly consists of renovations to existing commercial properties. This development, combined with an easy commute to the nearby metropolitan centers of Clayton and St. Louis City, retail and service industries, and 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 initiated in April of 2008 that remains an integral part of the City's budget process. This tool includes a 20-year Capital Improvement Planning (CIP) document with an average annual expense estimate of \$369,000 for replacing capital items and \$362,000 annually for infrastructure projects. The planning tool provides a conservative long-term projection of the City's 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 helps ensure the City's future fiscal health and plan future capital purchase and infrastructure needs.

The City prepaid for a new ambulance in FY 21, but due to supply chain issues, delivery has been significantly delayed and is not expected until early in 2022. As such, the amount paid for the ambulance has been categorized as a prepaid item in the FY 21 financial statements.

The current version of the City's long-term financial planning model helped confirm that the decline in revenues and reserves due to COVID and increasing personnel expenses were not sustainable. Even if retail sales exceeded pre-pandemic levels in FY 20 and FY 21, a different, more stable revenue source is needed long term. Proposition A, the property tax increase that passed, will stabilize and diversify Frontenac's revenue base and help rebuild reserves to continue supporting public safety and other City services at levels residents and businesses rely on every day.

The COVID-19 pandemic created an unprecedented public health crisis and economic impact that will likely remain for some time. The City responded to the pandemic with urgency, securing St. Louis County COVID CARES Municipal Relief Program funds and other grants, freezing salaries and reducing other expenses, refinancing the City's bond, and deferring capital purchases and non-essential projects. The City also had healthy reserves to support its various responses to this crisis. The City has filed 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. Regardless of the outcome of litigation, Proposition A, the property tax increase that residents graciously passed, will stabilize and diversify Frontenac's revenue base and help rebuild reserves. Additionally, the City anticipates assessing and applying for future grant funding and other State and

Federal pandemic-related recovery resources such as the Opioid settlement funds, the America Rescue Plan 2021 (ARPA), and the Infrastructure bill Congress recently passed.

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 adopting a balanced annual operating budget (i.e., estimated revenues equal to or over appropriations). The policy, however, allows for the allocation 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 of debt service and compensated absences. For the budget year 2021-2022, the fund balance ratio is projected to be 59.0% of operational expenditures, which surpasses the fund balance target by 9.0%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the seventh consecutive year that the City has achieved this prestigious award. A City can only earn a Certificate of Achievement by publishing an easily readable and efficiently organized ACFR that satisfies GAAP and applicable program requirements.

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

I want to thank all the City's departments for their assistance in providing the data necessary to prepare the functional report and 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 managing The City of Frontenac's finances.

Respectfully Submitted,



Lea Ann Bennett, CPA
Finance Officer

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

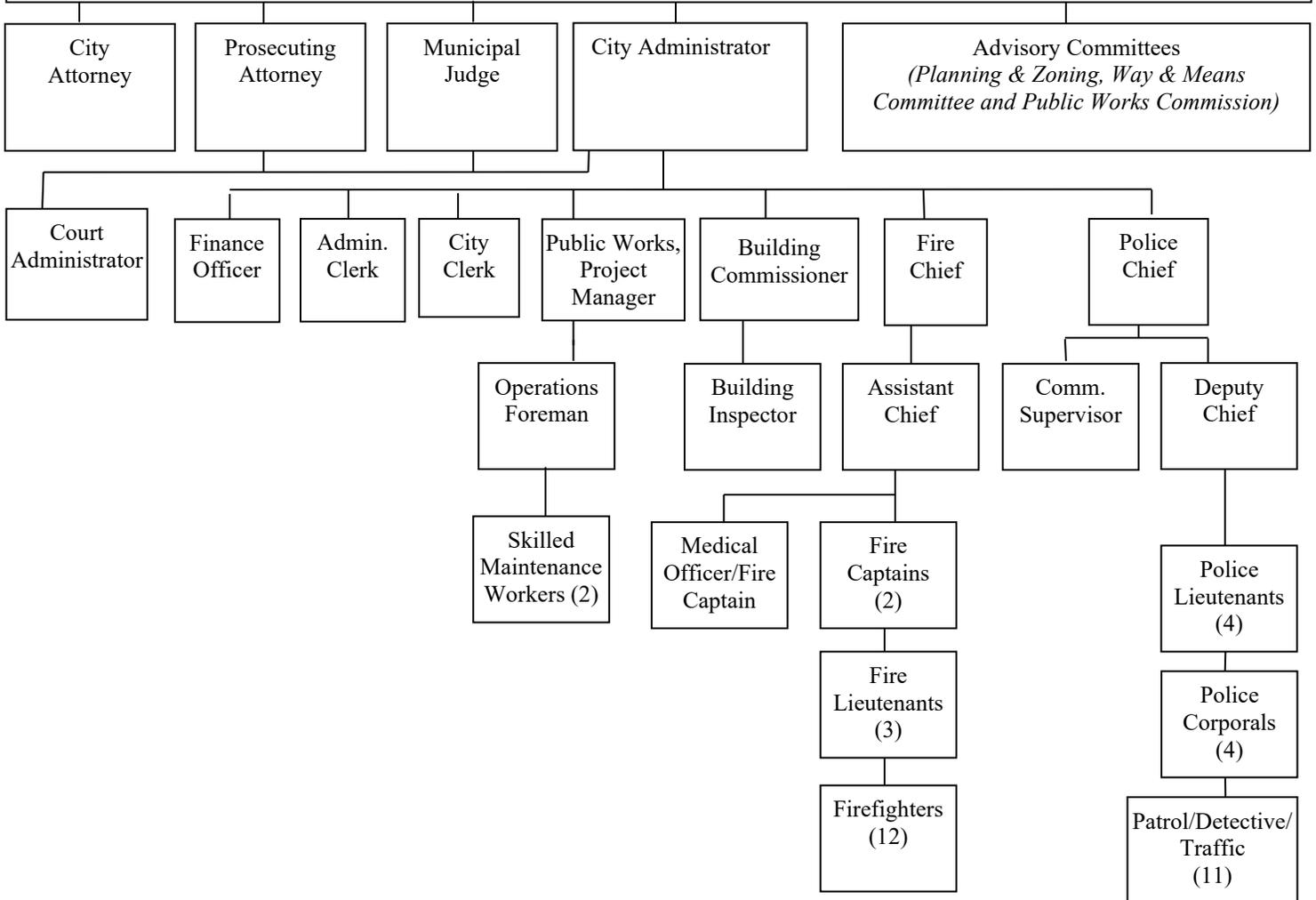
BUILDING COMMISSIONER

John Morgan

CITY OF FRONTENAC, MISSOURI
ORGANIZATIONAL CHART

RESIDENTS AND BUSINESSES

MAYOR AND BOARD OF ALDERPERSONS



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

SECTION II - FINANCIAL SECTION

12655 Olive Blvd., Suite 200
St. Louis, MO 63141
314.275.7277

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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, 2021, 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.

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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021 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.

Sikich LLP

St. Louis, Missouri
December 16, 2021

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$22,925,937 (net position). The City had unrestricted net position totaling \$5,693,421.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,269,064, a decrease of \$324,995 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,793,695 or 76.3% of total General Fund expenditures.
- The City's total long-term liabilities increased \$291,128 during the most recent fiscal year mainly due to refunding of certificates of participation 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, 2021**

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 \$22,925,937 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, 2021

	June 30		2021 Change	
	2021	2020	Amount	Percent
ASSETS				
Current and other assets	\$ 18,692,244	13,651,110	5,041,134	36.9 %
Capital assets	12,386,960	12,810,009	(423,049)	(3.3)
Total Assets	<u>31,079,204</u>	<u>26,461,119</u>	<u>4,618,085</u>	17.5
DEFERRED OUTFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>302,218</u>	<u>1,098,734</u>	<u>(796,516)</u>	(72.5)
LIABILITIES				
Other liabilities	847,479	1,166,796	(319,317)	(27.4)
Long-term liabilities	3,354,905	3,063,777	291,128	9.5
Total Liabilities	<u>4,202,384</u>	<u>4,230,573</u>	<u>(28,189)</u>	(0.7)
DEFERRED INFLOWS OF RE-SOURCES				
Deferred amounts related to pensions	<u>4,253,101</u>	<u>765,427</u>	<u>3,487,674</u>	455.7
NET POSITION				
Net investment in capital assets	9,796,960	10,388,694	(591,734)	(5.7)
Restricted	7,731,712	6,191,260	1,540,452	24.9
Unrestricted	<u>5,397,265</u>	<u>5,983,899</u>	<u>(586,634)</u>	(9.8)
Total Net Position	<u>\$ 22,925,937</u>	<u>22,563,853</u>	<u>362,084</u>	1.6 %

Governmental activities. Governmental activities increased the City's net position by \$362,084.

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

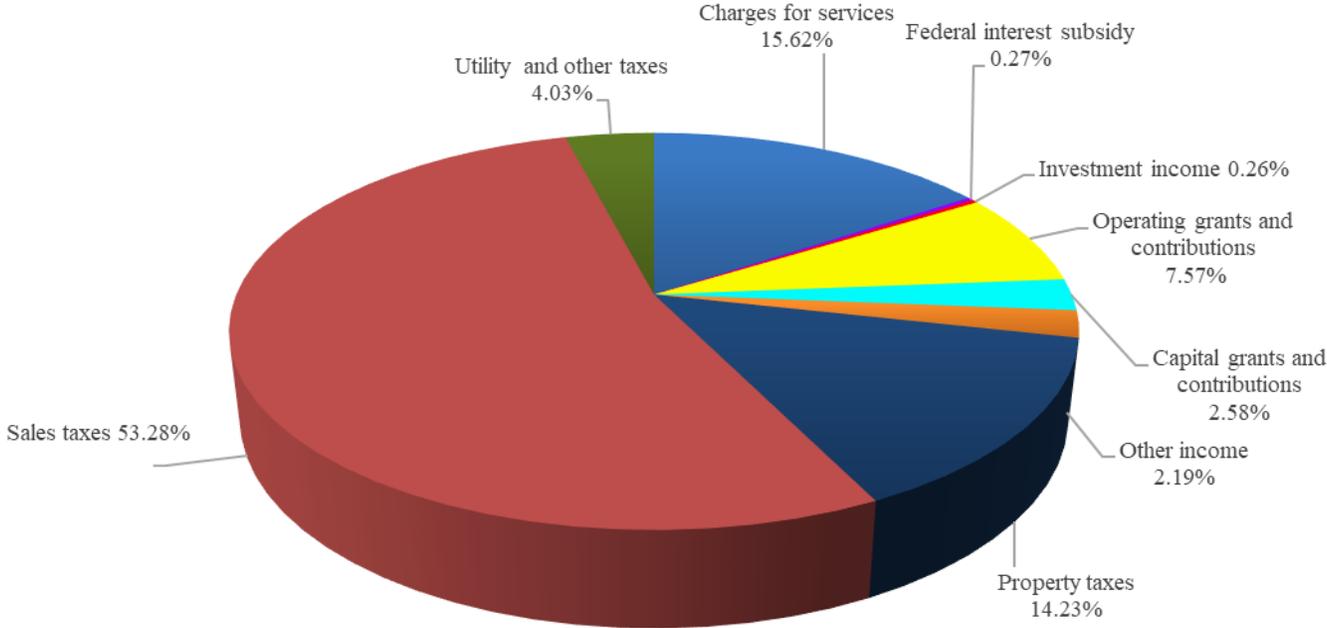
CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

	For The Years		2021 Change	
	Ended June 30		Amount	Percent
	2021	2020		
REVENUES				
Program revenues:				
Charges for services	\$ 1,338,302	1,618,678	(280,376)	(17.3) %
Operating grants and contributions	648,110	428,003	220,107	51.4
Capital grants and contributions	219,733	111,210	108,523	97.6
General revenues:				
Taxes	6,127,702	6,029,616	98,086	1.6
Federal interest subsidy	23,048	48,738	(25,690)	(52.7)
Investment income	21,282	118,925	(97,643)	(82.1)
Other	187,518	171,466	16,052	9.4
Total Revenues	<u>8,565,695</u>	<u>8,526,636</u>	<u>39,059</u>	0.5
EXPENSES				
Administration	548,255	833,388	(285,133)	(34.2)
Boards and commissions	13,491	18,045	(4,554)	(25.2)
Building department	247,744	294,669	(46,925)	(15.9)
Fire department	2,043,746	2,616,489	(572,743)	(21.9)
Legal department	67,965	143,439	(75,474)	(52.6)
Municipal building	484,661	465,789	18,872	4.1
Municipal division	106,826	111,458	(4,632)	(4.2)
Police department	2,422,933	2,933,463	(510,530)	(17.4)
Public works	770,433	618,121	152,312	24.6
Stormwater	1,395,225	1,108,727	286,498	25.8
Interest on long-term debt	102,332	146,888	(44,556)	(30.3)
Total Expenses	<u>8,203,611</u>	<u>9,290,476</u>	<u>(1,086,865)</u>	(11.7)
CHANGE IN NET POSITION	362,084	(763,840)	1,125,924	(147.4)
NET POSITION, JULY 1	<u>22,563,853</u>	<u>23,327,693</u>	<u>(763,840)</u>	(3.3)
NET POSITION, JUNE 30	<u>\$ 22,925,937</u>	<u>22,563,853</u>	<u>362,084</u>	1.6 %

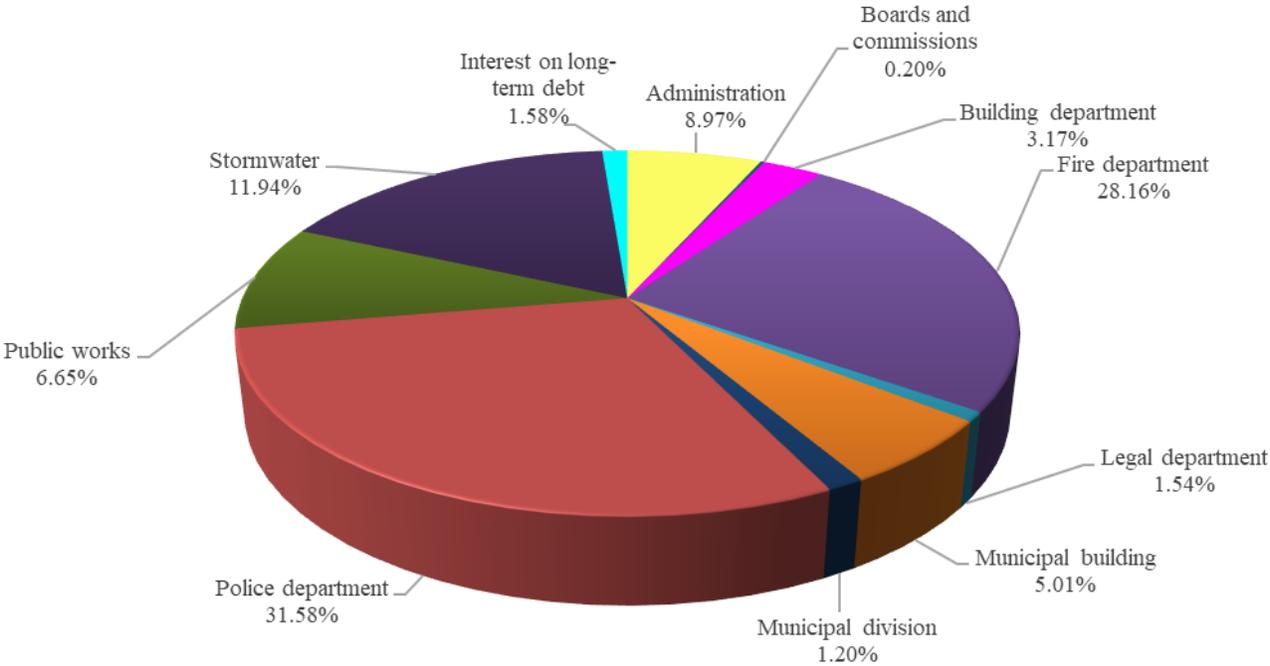
Net position improved in the current year due to a recovery of sales tax revenue coupled with funds received from the CARES Act. Additional stormwater grant funding was also received in the current year.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Revenues by Source



Expenses by Department



**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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 \$8,269,064 a decrease of \$324,995 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 \$4,793,695, while total fund balance amounted to \$6,161,511. 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 76.3% of total General Fund expenditures, while total fund balance represents 98.1% of that same amount. The fund balance of the General Fund decreased by \$516,201 during the current fiscal year. This decrease is mainly due to a transfer to the Capital Improvement Fund to cover expenditures.

The Stormwater Fund balance decreased by \$282,056 during the fiscal year to \$1,617,296 due to an increase in projects completed during the year.

The Capital Improvement Fund balance increased \$473,262 during the fiscal year to \$490,257. The main reasons for the increase were a transfer from the General Fund and the refunding of the City's bond issue during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund outperformed revenue expectations this year with the help of almost \$240,000 from the CARES Act. Sales tax saw a significant rebound once the County allowed businesses to reopen. Pilot revenue was significantly down due to the timing to the receipts, and will be recorded in the coming year. Most 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, \$12,386,960 at June 30, 2021, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net decrease of \$423,049 for the current fiscal year (including additions and deductions).

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

	June 30	
	2021	2020
Land	\$ 26,900	26,900
Construction in progress	189,448	-
Buildings and other improvements	8,200,796	8,760,052
Office furniture and equipment	852	3,122
Machinery and equipment	1,094,207	1,318,666
Infrastructure	2,874,757	3,004,368
Total Capital Assets	\$ 12,386,960	13,113,108

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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	
	2021	2020
Certificates of participation	\$ -	2,410,000
Lease purchase agreement	2,590,000	-
Plus - Premium	-	11,315
Compensated absences	764,905	642,462
Total Long-term Debt	\$ 3,354,905	3,063,777

Compensated absences, or accrued vacation and compensatory time, increased \$122,443 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 that was refunded in 2020 by the lease purchase agreement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City has a history of adopting and delivering conservative budgets that sustain a healthy Fund balance or reserves in the General Fund. Reserves have been approved for use to support operations of the City by the Mayor and Board of Aldermen during times of economic hardship. The fiscal year 2021 (FY 21) budget anticipated a need to use General Fund reserves due to the projected economic impact of the COVID-19 pandemic. The budget process recognized the City's heavy reliance on retail sales tax from sources that do not meet the public health definition of an essential service, such as a grocery or hardware store. And indeed, the unprecedented, mandatory shut-down promulgated by St. Louis County with Executive Order 15 lasted more than 90 days and had a significant negative impact on sales tax and other types of revenue.

The City responded to the pandemic with urgency, securing St. Louis County COVID CARES Municipal Relief Program funds and other grants, freezing salaries and reducing other expenses, refinancing the City's bond, and deferring capital purchases and non-essential projects. The result is that the City was able to continue to provide the high quality and quantity of services residents and businesses expect, sustain the workforce without furloughs or salary reductions, and, ultimately, deliver FY 21 revenue and expense performance that was favorable to budget with a General Fund balance reduction that is less than initially anticipated.

While retail sales have yet to return to pre-pandemic levels, the City's FY 21 revenue exceeded budget by 4.8%. Excluding grants and MSD project contributions, performance was 2.8% over budget. The City's sales tax revenue for all funds combined outperformed the budget by 18.3%.

In Fiscal Year 2022 (FY 22), mandatory restrictions on individual and business activities continue to varying degrees. Therefore, the budgeting process will continue to assess and include the pandemic's actual and potential ongoing impact on City revenue and expense projections. Revenue projections for the FY 22 include a 12.7% increase over the prior year. Sales tax revenues are projected to return to pre-pandemic levels, 16% versus prior year and 6.7% against prior year budget. An ongoing partnership with MSD produces \$375,000 in revenue available for stormwater projects scheduled on Timber Trail and Deer Creek. Real estate taxes are expected to yield a 132.5% increase due to new developments in the

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

City. Proposition A, an increase in residential property taxes graciously approved by the Frontenac voters, is expected to generate an additional \$1.9 million in revenue to support operations and potentially begin to restore General Fund reserves used during the pandemic.

Overall FY 21 expenditures were 12.0% under budget for all funds and 7.8% lower than the budget for capital and general funds combined. As the pandemic began to unfold, the City implemented an emergency spending policy, including restrictions on spending to necessary expenditures only. Significant changes included postponing virtually all capital expenditures, such as information technology infrastructure and the replacement of police vehicles. Additionally, a review of contracts resulted in the amending and pending of service contracts, such as the start date for updating the comprehensive land-use plan. The City will assess deferred capital expenses and projects for inclusion in the FY 22 budget to the extent funds are available.

General and Capital Fund operational expenditures for the new budget year, FY 22, are expected to increase by 18.0%. Total personnel expenditures are projected to increase by 2.1%, most of which is related to anticipated retirement sick leave payouts. The FY 22 Capital Improvement Fund capital budgets include funding for Police body cameras with a matching grant, a new ambulance, EMS equipment, firefighting gear, EMS software with a grant application pending, Building department software, and Geyer Road engineering. The FY 22 Stormwater Fund budget includes funding for stormwater projects on Timber Trail, Countryside Lane, and a Deer Creek Flood Protection Study, as well as Geyer Road engineering.

The net loss in FY 21, of \$325,000, compares favorably to the budgeted net loss of over \$2.0 million. Favorable variances to revenues and expenses drive this outcome, including sales taxes and CARES Act funding on the revenue side and expenditure savings across the board. FY 22 net income is budgeted to be a loss of \$1.3 million, as revenues continue to be impacted by the pandemic and expenditures deferred from FY 21 are incurred. The Parks and Storm Water Fund is projected to decrease by \$108k.

The City's long-term planning model is utilized extensively in the budgeting process. 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 ten 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 version of the City's long-term financial planning model helped confirm that the decline in revenues and reserves due to COVID and increasing personnel expenses were not sustainable. Even if retail sales exceeded pre-pandemic levels in F 20 and FY 21, a different, more stable revenue source is needed long term. Proposition A, the property tax increase that passed, will stabilize and diversify Frontenac's revenue base and help rebuild reserves to continue supporting public safety and other City services at levels residents and businesses rely on every day. The City anticipates assessing and applying for future grant funding and other State and Federal pandemic-related recovery resources such as the Opioid settlement funds, the America Rescue Plan 2021 (ARPA), and the Infrastructure bill Congress recently passed.

The 20-year planning model assisted the City in receiving the AAA issuer credit rating from Standard & Poors during its bond issue in October 2009. The City refinanced these bonds in 2020, with a private placement to JP Morgan Chase Bank. The new interest rate of 1.36% compared to the previous interest rate of 5.48% will result in savings to the City of more than \$230,000 over the ten-year life of the bonds.

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, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 6,976,280
Receivables, net:	
Municipal taxes	1,045,143
Intergovernmental	22,486
Other	186,620
Municipal court	2,780
Cash - restricted	629,543
Prepaid items	301,081
Net pension asset	9,528,311
Capital assets:	
Land and construction in progress	216,348
Other capital assets, net of accumulated depreciation	12,170,612
Total Assets	31,079,204
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	302,218
 LIABILITIES	
Accounts payable	113,058
Accrued interest	19,699
Wages payable	39,069
Payroll withholdings	44,310
Escrow funds and court fines payable	631,343
Noncurrent liabilities:	
Due within one year	682,453
Due in more than one year	2,672,452
Total Liabilities	4,202,384
 DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	4,253,101
 NET POSITION	
Net investment in capital assets	9,796,960
Restricted for:	
Law enforcement training	46,731
Pension	5,577,428
Stormwater projects	1,553,314
Capital improvements	490,257
Sewer lateral projects	63,982
Unrestricted	5,397,265
Total Net Position	\$ 22,925,937

CITY OF FRONTENAC, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	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	Expenses	Expenses	Expenses	
Governmental Activities					
Administration	\$ 548,255	362,845	-	-	(185,410)
Boards and commissions	13,491	-	-	-	(13,491)
Building department	247,744	318,678	-	-	70,934
Fire department	2,043,746	267,977	-	-	(1,775,769)
Legal department	67,965	-	-	-	(67,965)
Municipal building	484,661	-	-	-	(484,661)
Municipal division	106,826	-	-	-	(106,826)
Police department	2,422,933	352,156	239,461	-	(1,831,316)
Public works	770,433	36,646	408,649	24,793	(300,345)
Stormwater	1,395,225	-	-	194,940	(1,200,285)
Interest on long-term debt	102,332	-	-	-	(102,332)
Total Governmental Activities	\$ 8,203,611	1,338,302	648,110	219,733	(5,997,466)
General Revenues					
Taxes:					
Property					1,218,566
Sales					4,563,630
Utility					338,623
Other					6,883
Federal interest subsidy					23,048
Investment income					21,282
Other					187,518
Total General Revenues					6,359,550
CHANGE IN NET POSITION					362,084
NET POSITION, JULY 1					22,563,853
NET POSITION, JUNE 30					\$ 22,925,937

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 5,515,290	1,460,990	-	6,976,280
Receivables, net:				
Municipal taxes	590,723	236,471	217,949	1,045,143
Intergovernmental	22,486	-	-	22,486
Other	186,620	-	-	186,620
Municipal court	2,780	-	-	2,780
Cash - restricted	629,543	-	-	629,543
Prepaid items	4,925	-	296,156	301,081
	<u>6,952,367</u>	<u>1,697,461</u>	<u>514,105</u>	<u>9,163,933</u>
Total Assets	<u>\$ 6,952,367</u>	<u>1,697,461</u>	<u>514,105</u>	<u>9,163,933</u>
LIABILITIES				
Accounts payable	\$ 20,202	74,206	18,650	113,058
Wages payable	35,517	1,393	2,159	39,069
Payroll withholdings	36,705	4,566	3,039	44,310
Escrow and court bonds payable	631,343	-	-	631,343
Total Liabilities	<u>723,767</u>	<u>80,165</u>	<u>23,848</u>	<u>827,780</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
PILOTS	67,089	-	-	67,089
FUND BALANCES				
Nonspendable:				
Prepaid items	4,925	-	296,156	301,081
Restricted for:				
Law enforcement training	46,731	-	-	46,731
Stormwater projects	-	1,553,314	-	1,553,314
Capital improvements	-	-	194,101	194,101
Sewer lateral projects	-	63,982	-	63,982
Assigned for:				
Subsequent year's budget	1,316,160	-	-	1,316,160
Unassigned	4,793,695	-	-	4,793,695
Total Fund Balances	<u>6,161,511</u>	<u>1,617,296</u>	<u>490,257</u>	<u>8,269,064</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 6,952,367</u>	<u>1,697,461</u>	<u>514,105</u>	<u>9,163,933</u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Governmental Funds	\$ 8,269,064
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 \$17,877,222 and the accumulated depreciation is \$5,490,262.	12,386,960
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.	67,089
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	9,528,311
Deferred outflows related to pensions	302,218
Deferred inflows related to pensions	(4,253,101)
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	(764,905)
Accrued interest payable	(19,699)
Lease purchase agreement	<u>(2,590,000)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 22,925,937</u></u>

CITY OF FRONTENAC, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Municipal taxes	\$ 4,283,390	1,014,279	1,122,132	6,419,801
Intergovernmental	356,011	194,940	24,793	575,744
Licenses	362,845	-	-	362,845
Police and fire protection	480,594	-	-	480,594
Municipal division fines	123,774	-	-	123,774
Investment income	21,282	-	-	21,282
Federal interest subsidy	-	-	23,048	23,048
Other	521,961	36,646	-	558,607
Total Revenues	<u>6,149,857</u>	<u>1,245,865</u>	<u>1,169,973</u>	<u>8,565,695</u>
EXPENDITURES				
Current:				
Administration	636,202	-	129,975	766,177
Board and commissions	13,491	-	-	13,491
Building department	258,513	-	1,619	260,132
Fire department	2,439,938	-	50,341	2,490,279
Legal department	67,965	-	-	67,965
Municipal building	-	-	209,591	209,591
Municipal division	105,281	-	628	105,909
Police department	2,758,406	-	46,582	2,804,988
Public works	-	32,695	487,412	520,107
Stormwater	-	201,474	-	201,474
Capital outlay	-	1,293,752	196,896	1,490,648
Debt service:				
Interest	-	-	125,400	125,400
Total Expenditures	<u>6,279,796</u>	<u>1,527,921</u>	<u>1,248,444</u>	<u>9,056,161</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(129,939)</u>	<u>(282,056)</u>	<u>(78,471)</u>	<u>(490,466)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	17,351	17,351
Payment to escrow agent	-	-	(2,441,880)	(2,441,880)
Issuance of bonds	-	-	2,590,000	2,590,000
Transfers in	-	-	386,262	386,262
Transfers (out)	(386,262)	-	-	(386,262)
Total Other Financing Sources (Uses)	<u>(386,262)</u>	<u>-</u>	<u>551,733</u>	<u>165,471</u>
NET CHANGE IN FUND BALANCES	(516,201)	(282,056)	473,262	(324,995)
FUND BALANCES, JULY 1	<u>6,677,712</u>	<u>1,899,352</u>	<u>16,995</u>	<u>8,594,059</u>
FUND BALANCES, JUNE 30	<u>\$ 6,161,511</u>	<u>1,617,296</u>	<u>490,257</u>	<u>8,269,064</u>

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net Change In Fund Balances - Governmental Funds \$ (324,995)

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 \$583,403 exceeded capital outlay over the capitalization threshold totaling \$160,354 in the current period. (423,049)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 40,007

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	11,315
Issuance of refunding bonds	(2,590,000)
Payment of refunded bonds	2,410,000

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	(122,443)
Accrued interest on debt	11,753
Pension expense	1,349,496
	1,349,496

Change In Net Position Of Governmental Activities \$ 362,084

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 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. Investments

The City maintains a cash and investment pool that is available for use by all funds. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, and repurchase agreements.

Investments are stated at fair value. Fair value for certain U.S. government securities which mature within less than one year from purchase is determined by calculating amortized cost, which approximates fair value. Fair value for all other investments is based on quoted market prices.

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 \$24,071. 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, 2021, 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 \$44,702, 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.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENT

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

The City's bank deposits are secured by certain securities held by the City's or its agent in the City's name. The value of the securities exceeds the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

2. Investments

As of June 30, 2021, 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	\$ 6,979,216	6,979,216	Not rated

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

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.

Custodial Credit Risk the custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the City's agent.

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, 2021, the City had the following investment concentrations:

Investments	Fair Value	Percent Of Total Investments
Money market funds - certain banks greater than 5%	\$ 6,796,241	97.38 %

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, 2021, 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, 2021			Balance June 30 2021
	Balance June 30 2020	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 26,900	-	-	26,900
Construction in Progress	56,621	132,827	-	189,448
Total Capital Assets Not Being Depreciated	<u>83,521</u>	<u>132,827</u>	<u>-</u>	<u>216,348</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	2,522,173	7,577	69,432	2,460,318
Infrastructure	3,914,268	19,950	-	3,934,218
Total Capital Assets Being Depreciated	<u>17,702,779</u>	<u>27,527</u>	<u>69,432</u>	<u>17,660,874</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	2,689,960	279,628	-	2,969,588
Office furniture and equipment	93,967	1,135	-	95,102
Machinery and equipment	1,227,438	208,105	69,432	1,366,111
Infrastructure	964,926	94,535	-	1,059,461
Total Accumulated Depreciation	<u>4,976,291</u>	<u>583,403</u>	<u>69,432</u>	<u>5,490,262</u>
Total Capital Assets Being Depreciated, Net	<u>12,726,488</u>	<u>(555,876)</u>	<u>-</u>	<u>12,170,612</u>
Total Capital Assets, Net	<u>\$ 12,810,009</u>	<u>(423,049)</u>	<u>-</u>	<u>12,386,960</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 2021
Administration	\$ 8,226
Building department	5,311
Fire department	89,324
Municipal building	275,070
Police department	63,008
Public works	110,149
Stormwater	32,315
	<hr/>
Total	\$ 583,403

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)

	2021 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	17
Active employees	51
Total	101

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 5.6% (General), 9.3% (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, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2021. The pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

The total pension liability in the February 29, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% to 6.55% including wage inflation
Investment rate of return	7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021 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 7.00%. 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, 2020	\$ 21,203,140	25,097,765	(3,894,625)
Changes for the year			
Service cost	465,774	-	465,774
Interest	1,529,967	-	1,529,967
Difference between expected and actual experience	(31,508)	-	(31,508)
Contributions - employer	-	232,505	(232,505)
Net investment income	-	7,014,592	(7,014,592)
Assumption changes	(263,310)	-	(263,310)
Benefit payments, including refunds	(669,631)	(669,631)	-
Administrative expense	-	(9,350)	9,350
Other changes	-	96,862	(96,862)
Net Changes	<u>1,031,292</u>	<u>6,664,978</u>	<u>(5,633,686)</u>
Balances at June 30, 2021	<u>\$ 22,234,432</u>	<u>31,762,743</u>	<u>(9,528,311)</u>

The funded status of the Plan at June 30, 2021 was 142.85%.

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 7.00%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	<u>(\$ 6,501,734)</u>	<u>(9,528,311)</u>	<u>(12,054,627)</u>

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

For the year ended June 30, 2021, the City recognized negative pension expense of \$1,116,991. 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	\$ 227,810	(581,889)	(354,079)
Assumption changes	74,408	(216,406)	(141,998)
Net difference between projected and actual earnings	-	(3,454,806)	(3,454,806)
Total	<u>\$ 302,218</u>	<u>(4,253,101)</u>	<u>(3,950,883)</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>	
2022	\$ (1,038,364)
2023	(838,280)
2024	(875,198)
2025	(1,132,789)
2026	(28,844)
Thereafter	(37,408)
Total	<u>\$ (3,950,883)</u>

NOTE E - LONG-TERM LIABILITIES

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

	<u>For The Year Ended June 30, 2021</u>				<u>Due Within One Year</u>
	<u>Balance June 30 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2021</u>	
Certificates of participation	\$ 2,410,000	-	2,410,000	-	-
Lease purchase agreement - private placement	-	2,590,000	-	2,590,000	300,000
Plus - premium	11,315	-	11,315	-	-
Compensated absences	642,462	564,850	442,407	764,905	382,453
Total	<u>\$ 3,063,777</u>	<u>3,154,850</u>	<u>2,863,722</u>	<u>3,354,905</u>	<u>682,453</u>

The compensated absences are generally liquidated by the General Fund, Stormwater Fund, and the Capital Improvement Fund. The lease purchase agreement is 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. This debt was refunded in October 2021.

Lease Purchase Agreement

In October 2020, the City issued \$2,590,000 in a Lease Purchase Agreement (Series 2020) to refund via a current refunding \$2,410,000 of the Certificates of Participation (Series 2009A and B) to finance the acquisition of an ambulance. The certificates are due in varying amounts through March 1, 2029 with interest rate of 1.360%. As a result of the refunding, the City achieved cash flow savings of \$236,742 and an economic gain (difference between the present values of the estimated old debt and new debt service payments) of \$222,858 over 9 years.

In general, the terms of the Lease Purchase Agreement include that if an event of default occurs, the trustee of the debt shall have the right to possession of certain premises of the City for the remainder of the term of the debt and shall have the right to sublease the premises or sell its interest in the premises and in the base agreement. In addition, the terms of the debt have certain optional redemption provisions which allow the City to redeem the debt prior to maturity at the City's discretion.

Aggregate maturities required on the debt are as follows:

For The Years Ending June 30	Principal	Interest	Total
2022	\$ 300,000	47,161	347,161
2023	320,000	31,144	351,144
2024	320,000	26,792	346,792
2025	320,000	22,440	342,440
2026	325,000	18,088	343,088
2027 - 2029	1,005,000	27,472	1,032,472
Total	<u>\$ 2,590,000</u>	<u>173,097</u>	<u>2,763,097</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. 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, 2021 were \$113,224.

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, 2021, the City paid \$289,740 to WCDC, which included \$12,441 for phone and internet charges.

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

NOTE I - 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 2021, the City had one active Chapter 353 project. For the year ended June 30, 2021, \$14,286 of City real estate property tax was abated through this program. For the year ended June 30, 2021, the City's stormwater tax was also abated for this same project amounting to \$45,022.

NOTE J - 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, 2021, the remaining contract commitments were \$1,129,593.

NOTE K - SUBSEQUENT EVENTS

In October 2021, the City entered into a construction agreement for \$739,000 for a channel improvement project.

NOTE L - 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:

- 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.
- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement: 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset--an intangible asset--and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Municipal Taxes				
General sales	\$ 1,219,019	1,219,019	1,426,495	207,476
Property	1,329,166	1,329,166	1,218,566	(110,600)
Fire department sales	441,998	441,998	507,140	65,142
Public safety sales	148,361	148,361	188,743	40,382
Local option sales	379,964	379,964	438,694	58,730
Use tax	87,996	87,996	165,129	77,133
Utilities	395,700	395,700	338,623	(57,077)
Total Municipal Taxes	<u>4,002,204</u>	<u>4,002,204</u>	<u>4,283,390</u>	<u>281,186</u>
Intergovernmental				
Grant	-	-	239,461	239,461
Gasoline	81,900	81,900	109,667	27,767
Cigarette	5,363	5,363	6,883	1,520
Total Intergovernmental	<u>87,263</u>	<u>87,263</u>	<u>356,011</u>	<u>268,748</u>
Licenses				
Merchants	332,197	332,197	294,275	(37,922)
Liquor	8,800	8,800	9,753	953
PILOTS	361,637	361,637	58,817	(302,820)
Total Licenses	<u>702,634</u>	<u>702,634</u>	<u>362,845</u>	<u>(339,789)</u>
Police and Fire Protection	<u>481,218</u>	<u>481,218</u>	<u>480,594</u>	<u>(624)</u>
Municipal Division Fines	<u>130,000</u>	<u>130,000</u>	<u>123,774</u>	<u>(6,226)</u>
Investment Income	<u>23,000</u>	<u>23,000</u>	<u>21,282</u>	<u>(1,718)</u>
Other				
Building permits	300,000	300,000	305,881	5,881
Lease income	61,044	61,044	62,478	1,434
Cable television	67,000	67,000	65,446	(1,554)
Miscellaneous	88,750	88,750	88,156	(594)
Total Other	<u>516,794</u>	<u>516,794</u>	<u>521,961</u>	<u>5,167</u>
Total Revenues	<u>5,943,113</u>	<u>5,943,113</u>	<u>6,149,857</u>	<u>206,744</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
EXPENDITURES				
Administration				
Dues and memberships	2,815	2,815	5,226	2,411
Insurance	100,584	100,584	63,806	(36,778)
Legal and professional	19,872	19,872	21,194	1,322
Meetings and seminars	967	967	339	(628)
Mileage reimbursement	250	250	36	(214)
Miscellaneous	13,775	13,775	14,318	543
Office supplies	1,200	1,200	1,557	357
Postage	5,200	5,200	4,500	(700)
Printing and publishing	5,555	5,555	4,319	(1,236)
Public relations	3,450	3,450	6,339	2,889
Salaries and benefits	479,816	479,816	480,746	930
Training and education	500	500	333	(167)
Prosecuting attorney retainer	18,000	18,000	18,000	-
Legal service	4,000	4,000	15,489	11,489
Total Administration	<u>655,984</u>	<u>655,984</u>	<u>636,202</u>	<u>(19,782)</u>
Boards and Commissions				
Memberships/subscriptions	3,250	3,250	-	(3,250)
Elections	4,700	4,700	2,592	(2,108)
Liability insurance	9,656	9,656	9,849	193
Meetings/seminars	300	300	-	(300)
Printing and publishing	906	906	1,050	144
Office supplies	100	100	-	(100)
Total Boards And Commissions	<u>18,912</u>	<u>18,912</u>	<u>13,491</u>	<u>(5,421)</u>
Building Department				
Dues and memberships	400	400	1,877	1,477
Vehicle/equipment maintenance	-	-	44	44
Office supplies	1,300	1,300	946	(354)
Printing and publishing	200	200	374	174
Professional services	10,000	10,000	12,993	2,993
Salaries and benefits	272,352	272,352	242,063	(30,289)
Uniforms	600	600	216	(384)
Total Building Department	<u>284,852</u>	<u>284,852</u>	<u>258,513</u>	<u>(26,339)</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, 2021

	<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	4,475	4,475	4,315	(160)
EMS supplies	15,000	15,000	10,123	(4,877)
Miscellaneous	4,500	4,500	5,498	998
Physical examinations	9,000	9,000	7,550	(1,450)
Professional services	11,200	11,200	7,739	(3,461)
Salaries and benefits	2,385,255	2,385,255	2,267,425	(117,830)
Dispatch services	110,050	110,050	113,224	3,174
Specialized training	15,500	15,500	18,420	2,920
Uniforms	11,000	11,000	5,644	(5,356)
Total Fire Department	<u>2,565,980</u>	<u>2,565,980</u>	<u>2,439,938</u>	<u>(126,042)</u>
Legal Department				
City attorney legal services	40,000	40,000	36,329	(3,671)
City attorney retainer	15,000	15,000	15,000	-
Professional services	8,000	8,000	16,636	8,636
Total Legal Department	<u>63,000</u>	<u>63,000</u>	<u>67,965</u>	<u>4,965</u>
Municipal Division				
Dues and memberships	100	100	120	20
Judge retainer	12,000	12,000	12,352	352
Maintenance and repair	6,504	6,504	7,030	526
Meetings and seminars	1,115	1,115	1,254	139
Miscellaneous	1,115	1,115	1,254	139
Office supplies	600	600	721	121
Printing	600	600	198	(402)
Salaries and benefits	83,215	83,215	82,352	(863)
Total Municipal Division	<u>105,249</u>	<u>105,249</u>	<u>105,281</u>	<u>32</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Police Department				
Communications	42,000	42,000	40,783	(1,217)
Detective bureau	4,000	4,000	1,871	(2,129)
Dispatch consortium	306,533	306,533	289,740	(16,793)
Dues and memberships	1,300	1,300	1,130	(170)
Miscellaneous	475	475	137	(338)
Office supplies	4,000	4,000	3,772	(228)
Patrol	6,000	6,000	4,886	(1,114)
Salaries and benefits	2,400,044	2,400,044	2,390,182	(9,862)
Specialized training	14,050	14,050	14,531	481
Uniforms	12,000	12,000	11,374	(626)
Total Police Department	<u>2,790,402</u>	<u>2,790,402</u>	<u>2,758,406</u>	<u>(31,996)</u>
Total Expenditures	<u>6,484,379</u>	<u>6,484,379</u>	<u>6,279,796</u>	<u>(204,583)</u>
REVENUES UNDER EXPENDITURES	(541,266)	(541,266)	(129,939)	411,327
OTHER FINANCING SOURCES				
(USES)				
Transfers out	<u>(571,131)</u>	<u>(571,131)</u>	<u>(386,262)</u>	<u>184,869</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,112,397)</u></u>	<u><u>(1,112,397)</u></u>	<u>(516,201)</u>	<u>596,196</u>
FUND BALANCE, JULY 1			<u>6,677,712</u>	
FUND BALANCE, JUNE 30			<u><u>\$ 6,161,511</u></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, 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Municipal taxes - sales tax	\$ 852,846	852,846	1,014,279	161,433
Intergovernmental	361,867	361,867	194,940	(166,927)
Other	37,000	37,000	36,646	(354)
Total Revenues	1,251,713	1,251,713	1,245,865	(5,848)
EXPENDITURES				
Current:				
Public works	37,000	37,000	32,695	(4,305)
Stormwater	160,605	160,605	201,474	40,869
Capital outlay	1,945,290	1,945,290	1,293,752	(651,538)
Total Expenditures	2,142,895	2,142,895	1,527,921	(614,974)
NET CHANGE IN FUND BALANCE	\$ (891,182)	(891,182)	(282,056)	609,126
FUND BALANCE, JULY 1			1,899,352	
FUND BALANCE, JUNE 30			\$1,617,296	

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, 2021

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. During the year, the Board of Alderpersons may amend or authorize supplemental appropriations to the budget.
- e. The City's legal level of budgetary control is at the fund level.
- f. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

For the year ended June 30, 2021, the General Fund's Legal department and Municipal Division department had expenditures exceeding appropriations by \$4,965 and \$32, 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service cost	\$ 465,774	451,973	447,572	442,435	444,045	435,216	430,231
Interest on the total pension liability	1,529,967	1,446,096	1,344,356	1,275,133	1,253,845	1,158,022	1,091,955
Difference between expected and actual experience	(31,508)	(23,998)	352,640	(163,577)	(901,366)	(243,412)	(53,941)
Changes of assumptions	(263,310)	-	-	-	-	521,075	-
Benefit payments, including refunds	(669,631)	(776,533)	(711,412)	(495,791)	(508,227)	(597,284)	(522,874)
Net Change In Total Pension Liability	1,031,292	1,097,538	1,433,156	1,058,200	288,297	1,273,617	945,371
Total Pension Liability Beginning	21,203,140	20,105,602	18,672,446	17,614,246	17,325,949	16,052,332	15,106,961
Total Pension Liability Ending (a)	<u>\$ 22,234,432</u>	<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	\$ 232,505	242,181	229,258	260,070	250,536	302,286	361,464
Contributions - employee	-	-	382,446	-	-	-	63,038
Net investment income	7,014,592	319,197	1,613,171	2,679,159	2,244,989	(37,876)	371,820
Benefit payments, including refunds	(669,631)	(776,533)	(711,412)	(495,791)	(508,227)	(597,284)	(522,874)
Administrative expense	(9,350)	(12,103)	(10,628)	(7,171)	(7,081)	(6,982)	(7,642)
Other changes	96,862	(14,627)	130,354	131,020	(399,437)	49,541	333,669
Net Change In Plan Fiduciary Net Position	6,664,978	(241,885)	1,633,189	2,567,287	1,580,780	(290,315)	599,475
Plan Fiduciary Net Position Beginning	25,097,765	25,339,650	23,706,461	21,139,174	19,558,394	19,848,709	19,249,234
Plan Fiduciary Net Position Ending (b)	<u>\$ 31,762,743</u>	<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>\$ (9,528,311)</u>	<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	142.85 %	118.37	126.03	126.96	120.01	112.88	123.65
Covered Payroll (for February 28/29 Valuation)	\$ 4,353,332	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	(218.87) %	(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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined pension contribution	\$ 232,505	242,180	229,025	260,302	250,537	302,286	381,092	350,822	386,206	355,736
Contributions in relation to the actuarially determined contribution	232,505	242,180	229,025	260,302	250,537	302,286	361,465	323,238	298,183	252,067
Contribution Deficiency	\$ -	-	-	-	-	-	19,627	27,584	88,023	103,669
Covered Payroll	\$ 4,529,446	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
Contributions as a Percentage of Covered Payroll	5.13 %	5.63	5.52	6.22	6.08	7.45	8.82	8.07	7.86	6.84

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

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

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

Multiple bases from 10 to 15 years
5 years smoothed market; 20% corridor
2.75% wage inflation; 2.75% price inflation
2.75% to 6.75%; including wage inflation
7.00%, net of investment expenses
The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.
Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.
The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.

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, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Municipal taxes:				
Sales tax	\$ 751,398	751,398	862,137	110,739
Road and bridge	268,211	268,211	259,995	(8,216)
Intergovernmental	314,801	314,801	24,793	(290,008)
Federal interest subsidy	50,000	50,000	23,048	(26,952)
Total Revenues	1,384,410	1,384,410	1,169,973	(214,437)
EXPENDITURES				
Current:				
Administration	121,269	121,269	129,975	8,706
Building department	3,000	3,000	1,619	(1,381)
Fire department	61,200	61,200	50,341	(10,859)
Municipal building	207,420	207,420	209,591	2,171
Municipal division	-	-	628	628
Police department	61,400	61,400	46,582	(14,818)
Public works	564,075	564,075	487,412	(76,663)
Capital outlay	567,216	567,216	196,896	(370,320)
Debt service:				
Principal	230,000	230,000	-	(230,000)
Interest	139,961	139,961	125,400	(14,561)
Total Expenditures	1,955,541	1,955,541	1,248,444	(707,097)
REVENUES UNDER EXPENDITURES	(571,131)	(571,131)	(78,471)	(492,660)
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	17,351	17,351
Payment to escrow agent	-	-	(2,441,880)	2,441,880
Issuance of bonds	-	-	2,590,000	2,590,000
Transfers in	571,131	571,131	386,262	(184,869)
Total Other Financing Sources	571,131	571,131	551,733	(19,398)
NET CHANGE IN FUND BALANCE	\$ -	-	473,262	473,262
FUND BALANCE, JULY 1			16,995	
FUND BALANCE, JUNE 30			\$ 490,257	

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SECTION III - STATISTICAL SECTION

CITY OF FRONTENAC, MISSOURI

STATISTICAL SECTION

This part of the City’s annual comprehensive 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 annual comprehensive financial reports for the relevant year.

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

	For The Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net investment in capital assets	\$ 9,796,960	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
Restricted for:										
Law enforcement training	46,731	46,981	46,924	52,738	58,540	60,892	67,103	62,667	54,094	44,269
Pension	5,577,428	4,227,932	4,283,692	3,718,484	3,517,585	4,222,730	4,574,122	4,211,092	-	-
Stormwater projects	1,553,314	1,835,370	1,906,600	1,453,033	584,047	1,515,471	1,466,380	1,176,071	983,890	950,789
Capital improvements	490,257	16,995	-	-	-	-	-	-	-	-
Sewer lateral projects	63,982	63,982	53,094	50,131	43,295	53,589	61,857	59,979	53,514	75,679
Unrestricted	5,397,265	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
 Total Governmental Activities/Net Position	 <u>\$ 22,925,937</u>	 <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>

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Program revenues:										
Charges for services	\$ 1,338,302	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
Operating grants and contributions	648,110	428,003	1,045,594	1,056,904	512,689	490,509	380,141	371,978	366,636	186,006
Capital grants and contributions	219,733	111,210	-	-	-	-	473,152	226,328	433,764	10,800
General revenues:										
Taxes	6,127,702	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
Federal interest subsidy	23,048	48,738	52,470	56,055	57,224	55,728	56,998	58,350	59,671	61,453
Investment income	21,282	118,925	134,012	42,692	39,049	24,311	28,465	30,841	37,535	36,221
Other	187,518	171,466	239,962	264,572	195,909	158,215	186,625	155,514	202,494	304,436
Total Revenues	<u>8,565,695</u>	<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>
EXPENSES										
Administration	548,255	833,388	591,734	630,882	759,311	716,876	690,213	683,753	701,676	680,559
Boards and commissions	13,491	18,045	15,909	17,587	15,843	15,876	18,477	16,137	18,105	15,469
Building department	247,744	294,669	186,140	249,015	251,356	265,562	223,745	237,701	248,116	231,358
Fire department	2,043,746	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
Legal department	67,965	143,439	98,096	87,686	79,075	69,271	60,046	53,223	37,008	36,583
Municipal building	484,661	465,789	456,294	485,533	464,032	469,960	476,328	482,113	477,265	447,647
Municipal division	106,826	111,458	80,208	102,052	125,229	152,929	137,991	142,625	146,083	148,790
Police department	2,422,933	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
Public works	770,433	618,121	563,556	568,708	579,435	597,542	561,807	566,957	540,454	525,418
Stormwater	1,395,225	1,108,727	1,286,875	898,679	2,127,483	1,186,140	822,612	402,750	353,390	319,009
Interest on long-term debt	102,332	146,888	158,853	170,452	178,455	185,087	191,161	196,763	202,213	211,595
Total Expenses	<u>8,203,611</u>	<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>
CHANGE IN NET POSITION	<u>\$ 362,084</u>	<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>

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

	For The Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 4,925	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
Restricted	46,731	46,981	46,924	52,738	58,540	60,892	67,103	62,667	54,094	44,269
Assigned	1,316,160	541,267	-	-	-	-	-	-	-	-
Unassigned	4,793,695	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
Total General Fund	<u>\$ 6,161,511</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ 296,156	-	-	-	261,469	-	5,998	-	12,194	11,545
Restricted	1,811,397	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
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)
Total All Other Governmental Funds	<u>\$ 2,107,553</u>	<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>
Total General And Other Funds	<u>\$ 8,269,064</u>	<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>

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

	For The Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Municipal taxes	\$ 6,419,801	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
Intergovernmental (cigarette and fuel tax)	356,011	112,954	115,874	116,874	118,713	118,247	116,291	112,392	110,058	115,877
Licenses and permits	668,726	940,611	957,406	873,163	684,368	569,508	623,589	640,399	532,989	531,805
Charges for services (Police, Fire, and EMS)	480,594	506,858	501,276	524,979	500,556	508,661	509,164	482,222	488,399	442,028
Municipal division fines and forfeitures	123,774	118,971	154,193	238,877	170,329	226,789	362,531	510,188	524,253	589,503
Rental income (cell tower leases)	62,478	60,733	55,221	54,307	49,787	49,418	60,008	60,008	60,008	60,008
Grants and MSD contributions	219,733	118,547	646,281	654,929	110,000	111,000	473,152	226,328	433,764	196,806
Investment income	21,282	118,925	134,012	42,692	39,049	24,311	28,465	30,841	37,535	36,221
Other	213,296	227,103	277,901	330,063	284,837	435,983	259,621	272,521	283,455	226,982
Total Revenues	<u>8,565,695</u>	<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>
EXPENDITURES										
Administration	766,177	768,301	647,335	633,029	646,065	623,717	671,757	617,775	614,175	614,599
Board and commissions	13,491	18,045	15,909	17,587	15,843	15,876	18,477	16,137	18,105	15,469
Building department	260,132	266,880	242,522	240,204	236,019	253,516	236,684	227,965	251,031	223,181
Fire department	2,490,279	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
Legal department	67,965	143,439	98,096	87,686	79,075	69,271	60,046	53,223	37,008	36,583
Municipal building	209,591	190,287	197,075	235,008	189,366	192,721	200,993	195,178	184,802	155,374
Municipal division	105,909	105,279	100,610	101,676	121,070	147,843	143,095	142,763	142,393	148,669
Police department	2,804,988	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
Public works	520,107	510,892	499,040	472,176	469,888	460,762	473,769	484,258	467,262	441,092
Stormwater	201,474	173,205	150,127	145,968	149,303	147,137	166,770	142,050	137,625	133,706
Capital outlay	1,490,648	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
Debt service:										
Principal	-	225,000	215,000	210,000	200,000	195,000	190,000	185,000	180,000	175,000
Interest	125,400	152,291	164,073	175,581	181,831	188,655	194,354	199,906	205,306	210,554
Total Expenditures	<u>9,056,161</u>	<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>
REVENUES OVER (UNDER) EXPENDITURES	<u>(490,466)</u>	<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>
OTHER FINANCING SOURCES										
Sale of capital assets	17,351	32,790	15,335	30,200	12,770	-	-	-	-	-
Payment to escrow agent	(2,441,880)	-	-	-	-	-	-	-	-	-
Issuance of bonds	2,590,000	-	-	-	-	-	-	-	-	-
Insurance recovery	-	-	26,730	-	-	-	-	-	-	-
Total Other Financing Sources	<u>165,471</u>	<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>
NET CHANGES IN FUND BALANCES	<u>\$ (324,995)</u>	<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>
Debt service as a percentage of noncapital expenditures	1.43 %	4.33	4.31	4.69	4.09	4.57	4.77	5.38	5.66	5.86

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
2021	\$ 4,563,630	\$ 38,987	\$ 1,218,566	\$ 259,995	\$ 207,771	\$ 43,279	\$ 55,709	\$ 31,864	\$ 6,419,801
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

(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**
2021*	\$ 247,239,770	\$ 59,438,750	\$ 1,898,414	\$ 23,252,995	\$ 331,829,929	\$ 1,556,774,003	21 %	\$ 1.000
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

(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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
City of Frontenac	1.0000	0.4350	0.4350	0.4830	0.4810	0.4970	0.4970	0.4980	0.4960	0.4900
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)	0.4180	0.4430	0.4430	0.4890	0.4890	0.5150	0.5150	0.5230	0.5230	0.5230
County general	0.1650	0.1760	0.1760	0.1950	0.1950	0.2060	0.2060	0.2090	0.2090	0.2090
County Health Fund	0.1110	0.1180	0.1180	0.1310	0.1310	0.1380	0.1380	0.1400	0.1400	0.1400
County park maintenance	0.0400	0.0420	0.0420	0.0460	0.0460	0.0490	0.0490	0.0500	0.0500	0.0500
County bond retire	0.0190	0.0190	0.0160	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190
Roads and bridges	0.0830	0.0880	0.0880	0.0980	0.0980	0.1030	0.1030	0.1050	0.1050	0.1050
St. Louis Community College	0.2787	0.1987	0.1986	0.2129	0.2112	0.2185	0.2176	0.2200	0.2200	0.2200
Special School District	1.0158	1.1077	1.1077	1.1980	1.1912	1.2409	1.2348	1.2609	1.2400	1.0123
Metropolitan Zoo Museum District	0.2455	0.2532	0.2549	0.2724	0.2694	0.2795	0.2777	0.2797	0.2797	0.2684
County Library:										
Residential	0.2060	0.2350	0.2120	0.2340	0.2340	0.2460	0.2460	0.2500	0.2500	0.1730
Commercial	0.2340	0.2460	0.2430	0.2590	0.2530	0.2630	0.2590	0.2640	0.2640	0.1900
Agriculture	0.1860	0.2250	0.2190	0.2170	0.2150	0.2450	0.2390	0.2790	0.2790	0.2000
Personal property	0.2600	0.2750	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.1500
School - Ladue	3.6100	3.5497	3.5425	3.8237	3.8107	3.9195	3.5339	3.7000	3.6300	3.6300
School - Kirkwood:										
Residential	3.5808	3.7375	3.8361	4.3445	4.3759	4.1734	4.1377	4.2524	4.2546	4.2841
Commercial	5.1685	5.3997	5.5388	6.2030	5.8445	5.6319	5.7072	5.5436	5.4565	5.4748
Agriculture	0.0963	3.6693	3.7678	3.9520	4.1898	2.6535	2.9202	6.4082	6.5385	5.4338
Personal property	5.2495	5.4021	5.4961	5.4961	5.4971	4.8845	4.8845	4.8845	4.8845	4.8845
Metropolitan Sewer District	0.1041	0.1078	0.1077	0.1170	0.1159	0.1196	0.0876	0.0879	0.0874	0.6350
Sewers - Deer Creek:										
Residential	0.0660	0.0690	-	0.0860	0.0860	0.0860	0.0830	0.0860	0.0860	0.0840
Commercial	0.0810	0.0790	-	0.0870	0.0870	0.0870	0.0850	0.0870	0.0840	0.0830
Agriculture	0.0140	0.0600	-	0.0490	0.0490	0.0490	0.0490	0.0990	0.1000	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	0.0710	0.0750	0.0750	0.0840	0.0840	0.0880	0.0880	0.0900	0.0890	0.0840
Commercial	0.0840	0.0840	0.0840	0.0890	0.0870	0.0900	0.0880	0.0900	0.0900	0.0900
Agriculture	0.0650	0.0700	0.0700	0.0700	0.0700	0.0790	0.0770	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	2021			2012		
	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	\$ 22,278,400	1	7.22 %	\$ 16,390,690	1	7.48 %
Frontenac Prop Owner, LLC (Le Chateau)	11,401,880	2	3.69	10,145,850	2	4.63
Frontenac Grove, LLC	4,044,800	3	1.31	2,451,200	4	1.12
Spirit Realty LP (Lifetime Fitness)	3,699,330	4	1.20	-		-
Broad Frontenac Assoc. (Neiman and parking lot)	2,838,880	5	0.92	2,971,940	3	1.36
RRH Property Holdings, LLC (Honda lot)	2,523,870	6	0.82	1,211,670	5	0.55
TDG Lindbergh LLC	1,615,420	7	0.52	-		-
Old Frontenac Square, LLC	1,605,950	8	0.52	977,980	7	0.45
Frontenac Racquet Club, Inc.	1,123,720	9	0.36	1,044,880	6	0.48
Southern Real Estate & Financial Co.	648,230	10	0.21	693,880	9	0.32
Tower Land (Forshaw)	-		-	809,600	8	0.37
Mahay Rajinder & Rinki	-		-	689,620	10	0.31
Total	<u>\$ 51,780,480</u>		<u>16.77 %</u>	<u>\$ 37,387,310</u>		<u>17.07 %</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
2021	2020	\$ 1,337,584	\$ 1,317,000	98.5 %	\$ (98,434)	\$ 1,218,566	91.1 %	\$ -	- %
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

(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)
2021	1.5 %	3.513 %	4.225 %	9.238 %	\$ 201,759,500	\$ 2,017,595	\$ 630,087	31.23 %
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

(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
2020 - 2021	\$ 1,305,639	\$ 410,215	\$ 475,872	\$ 808,982	\$ 184,565	\$ 951,744	\$ 187,033	\$ 4,324,050
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

	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>
2021	\$ 2,590,000	0.92 %	744
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

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, 2021

<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	\$ 51,692,939	1.12 %	\$ 578,961
Kirkwood School District	58,637,000	1.05	615,689
Ladue School District	121,795,000	11.94	14,542,323
Subtotal	<u>232,124,939</u>		<u>15,736,972</u>
City of Frontenac	<u>2,590,000</u>	100.00	<u>2,590,000</u>
Total Direct And Overlapping Debt	<u><u>\$ 234,714,939</u></u>		<u><u>\$ 18,326,972</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>2021</u>	<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>
Assessed valuation	<u>\$ 331,829,929</u>	<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>
Debt limit	\$ 33,182,993	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
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 33,182,993</u>	<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>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

Lease purchase 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
2021	3,482	49.2	\$ 154,162	\$ 80,768	\$ 672,200	N/A	N/A	1.5 %*	4.4 %**
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

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
2020 - 2021	200	\$ 52,135,585	\$ 395,642	\$ 21,738,060	\$ 14,410,931
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

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>2021</u>			<u>2012</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	286	1	N/A	-	-	N/A
Hilton Hotel	134	2	N/A	196	3	N/A
Neiman Marcus	112	3	N/A	210	2	N/A
Oak Hill Villa	108	4	N/A	130	5	N/A
Saks Fifth Ave.	107	5	N/A	163	4	N/A
Wells Fargo	103	6	N/A	102	6	N/A
Bricktop's	89	7	N/A	67	-	N/A
St. Joseph Academy	84	8	N/A	86	9	N/A
Honda of Frontenac	78	9	N/A	70	-	N/A
Brio	57	10	N/A	96	7	N/A
Lululemon	46	-	N/A	73	10	N/A
Cardwell's	-	-	N/A	90	8	N/A
Shriners	-	-	N/A	247	1	N/A
Total	<u>1,204</u>			<u>1,530</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government:										
Administrative services	2.50	2.50	2.50	2.50	3.25	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	1.00	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	20.00	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	1.00
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>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>

Source: City payroll records
Ratios less than one indicate a part-time person

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

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police:										
Arrests	50	144	144	157	154	120	199	324	358	437
Traffic violations	1,201	868	1,033	1,254	1,774	1,556	1,982	3,005	3,838	3,494
Reports	454	941	584	603	701	720	776	704	829	917
Vehicle accidents	189	260	266	265	346	474	462	233	255	245
Calls for service	16,402	14,211	12,205	13,536	12,629	11,978	12,488	11,931	15,568	15,308
Fire:										
EMS calls	386	466	450	451	445	436	441	334	388	411
Fire calls	581	450	570	616	665	676	673	502	575	595
Inspections	225	106	275	150	260	289	329	288	267	283
Training hours	2,256	740	2,695	3,028	2,422	2,225	2,163	1,560	1,701	2,363
City ambulance transports	239	297	295	334	291	298	320	267	312	332
Planning and Building:										
Building permits issued	200	179	204	173	170	205	222	184	149	161
Licensing:										
Business licenses issued	261	246	252	290	265	262	293	281	273	266
Liquor licenses issued	16	14	12	14	15	14	20	16	16	14
Itinerant merchant licenses	1	-	1	4	2	2	5	8	2	7
Finance:										
Accounts payable processed	2,978	2,781	2,921	3,083	3,030	2,951	2,843	2,222	2,276	2,077
Payroll payments issued	1,475	1,407	1,431	1,446	1,465	1,404	1,410	1,460	1,454	1,414
Alarm monitoring clients	194	201	215	227	242	285	298	291	298	296

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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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**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**

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, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 16, 2021.

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) as a basis for designing 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.

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 financial statements. 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.

Sikich LLP

St. Louis, Missouri
December 16, 2021