

CITY OF FRONTENAC



Comprehensive Annual Financial Report

For The Year Ended June 30, 2015

CITY OF FRONTENAC, MISSOURI

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Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015

Prepared by:
Finance Department
Lea Ann Layden, Finance Officer

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FINANCIAL REPORT

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SECTION I - INTRODUCTORY SECTION

CITY OF
FRONTENAC


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PHONE 314-994-3200 • FAX 314-994-3203 WWW.CITYOFFRONTENAC.ORG

KEITH KRIEG
Mayor

ROBERT SHELTON
City Administrator

December 30, 2015

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

The Comprehensive Annual Financial Report of the City of Frontenac, Missouri (the City) for the fiscal year ended June 30, 2015 is hereby submitted for your review. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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

Profile of the government

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

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

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

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

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

Local economy

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

Because of its location in a region with a varied economic base, unemployment has been relatively stable. Although unemployment rates have risen nationwide in recent years, the City of Frontenac continues to experience unemployment rates consistently lower than national averages. During the past ten years, the unemployment rate rose from an initial low of 0.9% (2005) to a decade high of 1.7% in 2009. The City of Frontenac's unemployment rate as of June 2015 was 1.2% compared to 5.3% nationally. The department of labor forecasts the unemployment rate will remain in the 5% range through fiscal year 2016.

Median household incomes within the City of Frontenac are significantly higher than for the state as a whole. According to the year 2010 census, the government's median family income was \$154,162; St. Louis County's was \$58,485; while the state's was \$47,333. Despite the softening of the housing market nationwide, housing prices in the vicinity of the City of Frontenac continue to remain strong. At the end of the second quarter of 2015, the median sale price of a single family home in the vicinity of the City of Frontenac was \$728,600 and median list price \$1.1 million dollars.

Due to its careful long-term 20-year financial planning model, the City received its AAA issuer credit rating assigned by Standard & Poor's in October 2009 with the City's bond issue for construction of the New City Hall project. This rating was reaffirmed in 2013.

During the past ten years, total revenues excluding grants increased on average 1.7% annually and were affected by revenue downturns due to the Interstate 64 closure and the 2009 economic recession. Sales tax revenues have slowly recovered, and in 2015, met and exceeded 2006 sales tax revenue amounts for the second time in six years, marking the second consecutive year the City achieved pre-recession sales tax income. Sales tax revenue growth averaged 4.6% for the five-year year period 2010 to 2014 and in 2015 increased to 5.4% average growth for the five year period 2011 to 2015. As City services are heavily dependent on revenue from sales tax generated by The City of Frontenac's retail businesses, this revenue source, although improving, has not kept up with regular expense growth.

Like most cities, the City of Frontenac's services are heavily dependent on personnel. Police, fire, EMS, public works and administration personnel expenses make up 88.1% of the 2015-16 General Fund budget and 66.9% of the Capital and General funds' combined 2016 expense budgets. While it is necessary to continually review efficiencies in personnel, response time and service levels for police and fire have historically been important to our community's residents. Cost savings measures helped to buffer personnel expense increases which have increased on average 4.3% over the prior 9 years.

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

- Consolidated dispatch in 2011 with West Central Dispatch Center, cities of Creve Coeur, Frontenac, and Town and Country generating annual savings of \$110,000. While consolidating our police and fire dispatch has resulted in these savings, the annual cost to provide the vital communications for our first responders is \$260,000 (2015-16 estimate) and is also heavily personnel-driven.
- Charter member of St. Louis Area Insurance Trust (SLAIT) which added self-insured health in 2010. Annual estimated savings of \$45,000 when combined with addition of employee deductible of \$500 per employee and \$1,000 per family.
- Reduced City's share of health insurance cost by increasing employee only portion of health care from zero to 10%. Savings of \$30,000 annually.
- Lengthened "steps to max pay" from 3 to 8 years reducing the annual payroll step increases. Savings of \$38,000 over an 8 year period per new hire.
- Froze longevity increases and time in rank for all employees in 2011 resulting in estimated savings of more than \$350,000 over 10 years.

- Obtained grant revenue for police and fire equipment and capital improvement projects, offsetting City expenses by almost \$800,000 over the past five years.
- Police, fire, and public works have all managed capital vehicle and equipment purchases to reduce cost from prior years. Estimated savings in excess of \$15,000 annually.
- Public Works has borrowed equipment from Creve Coeur, fire has borrowed/shared equipment and training resources, and police have obtained donated equipment, all resulting in reduced or zero expense increases. Estimated savings of over \$10,000 annually.
- Significant personnel savings are projected in the 2016 budget due to a 3% decrease in health insurance premiums through the self-insured SLAIT. Also, the City's retirement program, LAGERS, saw a major decrease in contributions of more than \$50,000 or almost 15% compared to the prior year.

During the past ten years, the government's overall expenditures related to public safety have increased not only in amount, but also as a percentage of total operational expenditures in governmental funds (currently 67.1% of operational expenditures and 61.4% of total expenditures), reflecting a ten-year increase of 7.0% for fire/EMS and 1.7% for police. Much of this increase reflects the 2010 addition of the EMS/ambulance service to improve response times as well as the increased personnel to fulfill ISO insurance ratings requirements on fire truck minimum manning.

During the prior ten-year period, charges for services related to governmental funds have increased not only in amount, but also as a percentage of total revenues in governmental funds (currently 18.9%, reflecting a ten-year increase of 3.1%) reflecting the addition of ambulance service in 2010. The increase in charges for services has been limited due to police and fire contractual rate increases and limited EMS activity.

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

Long-term financial planning and major initiatives

The City of Frontenac maintains a long-term financial planning projection tool which was initiated in April of 2008 and remains an integral part of the City's budget process. It includes a 20-year Capital Improvement Planning document that has an average annual expense estimate of \$563,000 for replacement of capital items and \$254,000 annually for infrastructure projects. The planning tool focuses on providing a long-term picture of the City's projection of conservative

revenues, planned expenditures and the correlating fund balance changes through one year past the City's debt service repayment (through March of 2029). The planning tool serves to ensure the City's future financial fiscal health and plan for future capital purchase and infrastructure needs.

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

As detailed in an October 2014 residential mailer, despite efforts to limit expense increases, City revenues have generally not kept pace with expenses including the current year budget. Final revenues for 2014-15 were much improved over original estimates, however, long-term projections clearly show future trend lines reducing reserves, potentially reducing our AAA bond rating and ultimately impacting services. To enlist resident input, the Ways and Means Committee and Board of Aldermen conducted a resident survey in the spring of 2015 regarding services and will utilize resident feedback as they review options available for funding capital assets and protecting fund balances in future years. This survey showed that the City's residents are willing to pay more property taxes in order to preserve the levels of service currently provided by the City.

Relevant financial policies

The City of Frontenac has adopted a comprehensive set of financial policies. During the current year, all of these policies were relevant and observed. The City of Frontenac has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The policy; however, allows for the appropriation of fund balance to close the gap. The City's fund balance policy is of particular interest as a financial indicator of fiscal health. The City's fund balance should optimally be no lower than 50% of operational expenditures plus two years debt service, and never lower than 25% of operational expenditures plus two years debt service. At fiscal year-end, revenue accruals and expense savings increased the fund balance ratio to 160.1% of operational expenditures which surpasses the fund balance target by 110.1%.

Independent Audit

Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Hochschild, Bloom & Company LLP was selected by the Board of Aldermen to perform the 2015 audit. The auditor's report on basic financial statement is included in the financial section of this report. As independent auditors, Hochschild, Bloom & Company LLP, also provides an objective outside review of management's performance in reporting operating results and financial condition.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive

annual financial reports (CAFR). The City is submitting this report to the GFOA for this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Lea Ann Layden, CPA".

Lea Ann Layden, CPA
Finance Officer

CITY OF FRONTENAC, MISSOURI
CITY OFFICIALS

Elected Officials:

MAYOR
Keith Krieg

BOARD OF ALDERMEN

Mike Schoedel, Ward I
John O'Connell, Ward I
Margot Martin, Ward II
Bud Guest, Ward II
Tom O'Brien, Ward III
Chris Kehr, Ward III

Appointed Positions:

CITY ADMINISTRATOR

Bob Shelton

POLICE CHIEF

Tom Becker

FIRE CHIEF

John Trout

FINANCE OFFICER

Lea Ann Layden

CITY CLERK

Leesa Ross

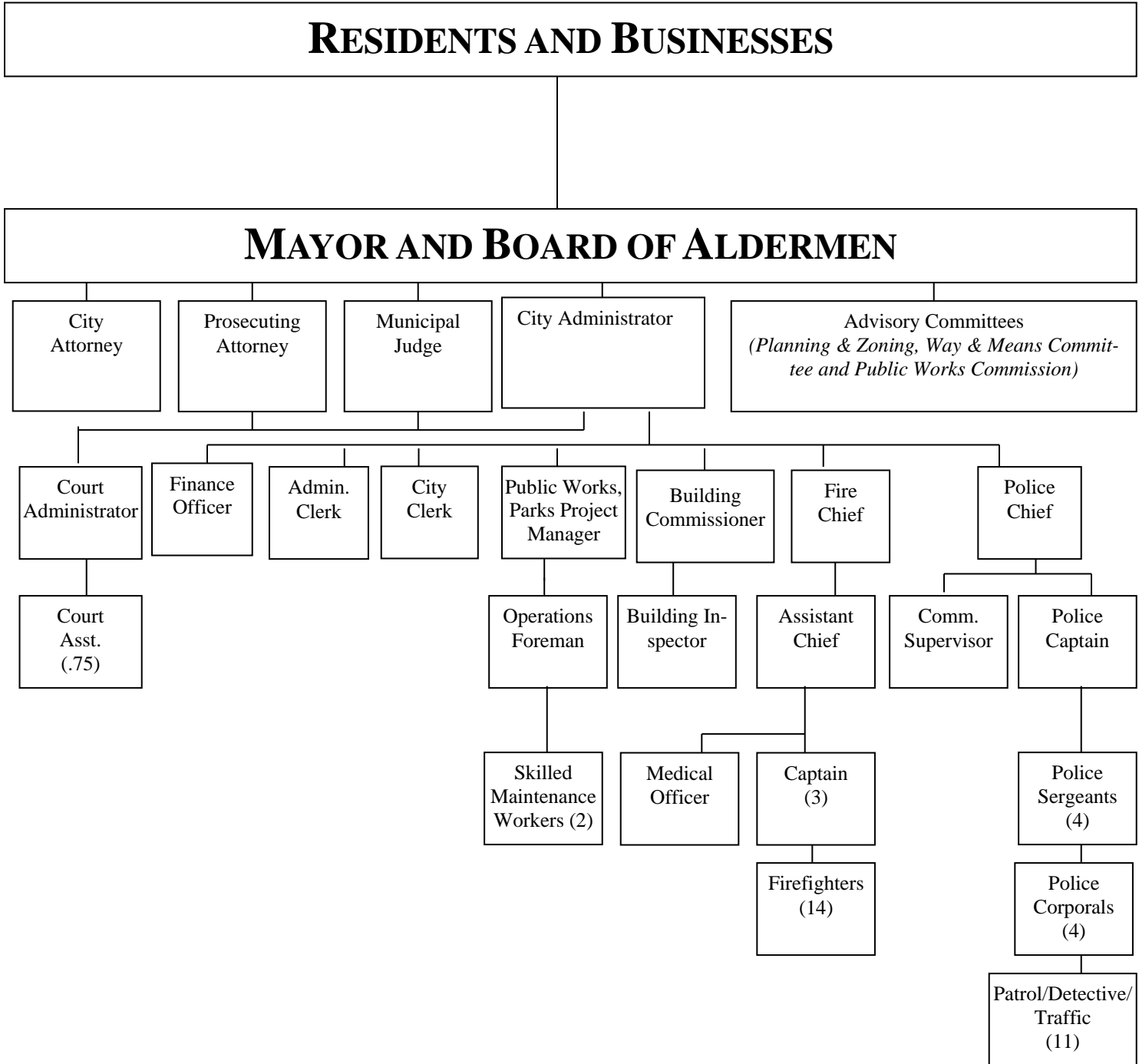
PUBLIC WORKS DIRECTOR

Jeffrey Wappelhorst

BUILDING COMMISSIONER

John Morgan

**CITY OF FRONTENAC, MISSOURI
ORGANIZATIONAL CHART**



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



Government Finance Officers Association

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

Presented to

**City of Frontenac
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

SECTION II - FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 30, 2015

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF FRONTENAC, MISSOURI** (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FRONTENAC, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015. 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 \$23,275,477 (net position). The City had unrestricted net position totaling \$11,195,759.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,693,593, an increase of \$113,744 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,927,908 or 118% of total General Fund expenditures.
- The City's total long-term liabilities decreased \$114,512 during the most recent fiscal year mainly due to normal annual debt service payments and an increase in compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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

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

Other supplemental information. This part of the annual report includes optional financial information such as budgetary comparison schedules 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 \$23,275,477 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 invest-

CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

ment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	June 30		2015 Change	
	2015	2014	Amount	Percent
ASSETS				
Cash and other current assets	\$ 13,224,828	13,227,136	(2,308)	- %
Capital assets	13,957,158	13,714,142	243,016	1.8
Total Assets	<u>27,181,986</u>	<u>26,941,278</u>	<u>240,708</u>	0.9
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension related	826,803	-	826,803	100.0
LIABILITIES				
Current liabilities	767,094	540,134	226,960	42.0
Long-term liabilities	3,917,160	4,031,672	(114,512)	(2.8)
Total Liabilities	<u>4,684,254</u>	<u>4,571,806</u>	<u>112,448</u>	2.5
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension related	49,058	-	49,058	100.0
NET POSITION				
Net investment in capital assets	10,484,378	10,050,069	434,309	4.3
Restricted	1,595,340	1,298,717	296,623	22.8
Unrestricted	11,195,759	11,020,686	175,073	1.6
Total Net Position	<u>\$ 23,275,477</u>	<u>22,369,472</u>	<u>906,005</u>	4.1 %

Governmental activities. Governmental activities increased the City's net position by \$906,005.

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

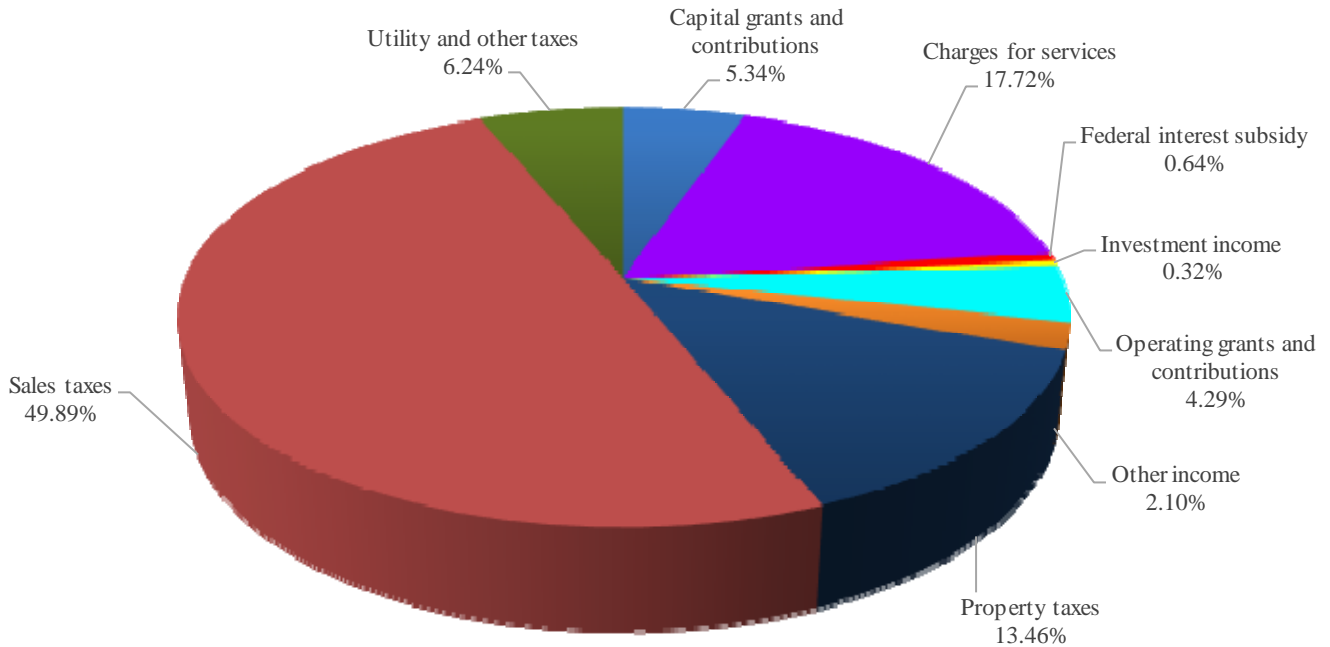
**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

	For The Years Ended June 30		2015 Change	
	2015	2014	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 1,571,290	1,718,667	(147,377)	(8.6) %
Operating grants and contributions	380,141	371,978	8,163	2.2
Capital grants and contributions	473,152	226,328	246,824	109.1
General revenues:				
Taxes	6,171,422	6,026,642	144,780	2.4
Federal interest subsidy	56,998	58,350	(1,352)	(2.3)
Gain on sale of capital assets	10,645	-	10,645	100.0
Investment income	28,465	30,841	(2,376)	(7.7)
Other	175,980	155,514	20,466	13.2
Total Revenues	<u>8,868,093</u>	<u>8,588,320</u>	<u>279,773</u>	3.3
EXPENSES				
Administration	690,213	683,753	6,460	0.9
Boards and commissions	18,477	16,137	2,340	14.5
Building department	223,745	237,701	(13,956)	(5.9)
Fire department	2,345,213	2,244,098	101,115	4.5
Legal department	60,046	53,223	6,823	12.8
Municipal building	476,328	482,113	(5,785)	(1.2)
Municipal court	137,991	142,625	(4,634)	(3.2)
Police department	2,434,495	2,689,626	(255,131)	(9.5)
Public works	561,807	566,957	(5,150)	(0.9)
Stormwater	822,612	402,750	419,862	104.2
Interest on long-term debt	191,161	196,763	(5,602)	(2.8)
Total Expenses	<u>7,962,088</u>	<u>7,715,746</u>	<u>246,342</u>	3.2
CHANGE IN NET POSITION	906,005	872,574	33,431	3.8
NET POSITION, JULY 1	22,369,472	23,211,434	(841,962)	(3.6)
RESTATEMENT	<u>-</u>	<u>(1,714,536)</u>	<u>1,714,536</u>	100.0
NET POSITION, JUNE 30	<u>\$ 23,275,477</u>	<u>22,369,472</u>	<u>906,005</u>	4.1 %

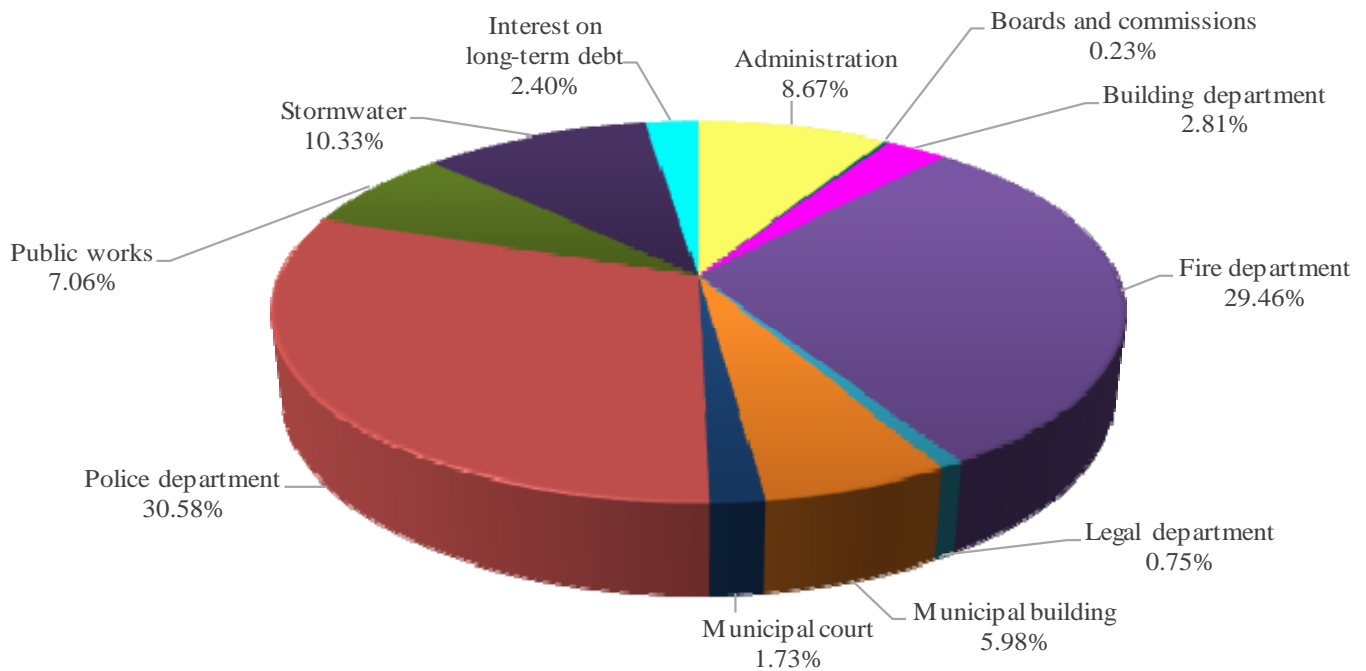
Revenues increased mainly due to increases in sales tax and a grant project for Conway Road sidewalks. There was also a decrease in charges for services related to court fines. Expenses for the fire department increased mainly due to increased wages, overtime, and comp time earned due to an employee shortage throughout the year. The police department decreased mainly due to pension expense for the implementation of GASB 68. The stormwater department expenses increased due to the City restating the prior net position for the capitalization of projects that the City will not ultimately own.

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues by Source



Expenses by Department



**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$8,693,593, an increase of \$113,744 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,927,908, while total fund balance reached \$11,679,359. 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 118% of total General Fund expenditures, while total fund balance represents 198% of that same amount. The fund balance of the General Fund increased by \$204,182 during the current fiscal year. This increase is due to normal revenues and expenditures.

The Parks and Stormwater Fund balance increased \$293,847 during the fiscal year to \$1,529,897 due to normal activities of the fund.

The Capital Improvements Fund balance decreased \$384,285 during the fiscal year to a deficit of 4,515,663. This deficit will be financed through future revenues of the fund as outlined in the City's long-term financing tool. The main reason for the decrease was the annual debt service payments and planned capital outlay purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund exceeded projections during 2015 mainly due to police department and fire department expenditures coming in lower than expected. The total revenue variance and the expenditures variance were both favorable by 0.7%.

CAPITAL ASSETS

The City has invested, net of accumulated depreciation, \$13,957,158 at June 30, 2015, in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$243,016 for the current fiscal year (including additions and deductions) after a prior period adjustment. The prior period adjustment reduced capital assets by \$5,925,628 for stormwater projects the City paid for, but does not maintain ownership of these projects.

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

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

	June 30	
	2015	2014
Land	\$ 26,900	26,900
Construction in progress	-	72,072
Buildings and other improvements	9,825,046	10,101,750
Office furniture and equipment	12,234	17,713
Machinery and equipment	756,779	708,288
Infrastructure	3,336,199	2,787,419
Total Capital Assets	<u>\$ 13,957,158</u>	<u>13,714,142</u>

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

LONG-TERM DEBT

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

	June 30	
	2015	2014
Certificates of participation	\$ 3,455,000	3,645,000
Plus - Premium	17,780	19,073
Compensated absences	444,380	367,599
Total Long-term Debt	<u>\$ 3,917,160</u>	<u>4,031,672</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2015 revenue performance as a whole was very close to the total budget, with a slight 0.01% increase over budget as a final result. Excluding grants and MSD project contributions, performance was 4.2% under budget. The City's sales tax revenue for all funds combined outperformed budget by 5.71%. Positive revenue performance compared to budget was notable for building permits and miscellaneous revenues. The new revenue budget for 2016 has a conservative 1.8% growth rate for total revenues, slightly above the regional economy growth for the St. Louis area CPI of 1.6% for the prior 2014 year. The growth rate for sales tax is budgeted to be 2.5%. An ongoing partnership with MSD produces \$100,000 in revenue available for storm water projects scheduled on Frontenac Forest, Tregaron, and Glen Abbey. Real estate tax growth is only expected to be a nominal 0.5% increase due to 2015 being a reassessment year, which limits the City to a market based increase only if assessments increase. Ongoing State Tax Commission appeals have the potential for further reductions in future real estate tax revenues.

Overall expenditures for 2015 were 8.3% lower than budget for all funds and 1.2% lower than budget, or \$94,000, for capital and general funds combined. Savings occurred in the following areas: administration capital purchases, service contracts, building maintenance, liability insurance, fire department training, police capital purchases, police fuel, police vehicle maintenance, and telephone expenditures.

General and Capital Fund operational expenditures for the new budget year of 2016 are expected to increase by 3.1%. Total personnel expenditures are projected to be down by 0.34%. The 2016 General Fund capital budgets include funding

**CITY OF FRONTENAC, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

for website updates, computer equipment and software, EMS equipment and fire training aids, self-contained breathing apparatus equipment, a fire pumper, three police vehicles, replacing an outdated police in-car digital video system, and police vehicle equipment. The 2016 Capital Improvement Fund budget includes funding for a vertical vehicle lift, tire changer, various roof repairs, Geyer Road engineering, and various street patching. The 2016 storm water budget includes funding for storm water projects on Tregaron, Frontenac Forest, and Glen Abbey, as well as a salt spreader.

Net income for all funds in 2015 of \$113,744 was attained by expense savings as well as revenue. The 2016 net income adjustment to fund balance at year-end for Capital and General Funds combined is budgeted to decrease by \$621,952 to \$6,541,744. The Parks and Storm Water Fund is projected to decrease by \$33,031 to \$1,496,866.

The City's long-term planning model is greatly utilized during the City's 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 14 years). The model is updated periodically during the year to enable management to review and respond to variances that may affect budget objectives and outcomes.

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

The 20-year planning model assisted the City in receiving the AAA issuer credit rating from Standard & Poor's during its bond issue in October, 2009. This was reaffirmed in 2013.

REQUESTS FOR INFORMATION

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

CITY OF FRONTENAC, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	\$ 8,002,200
Receivables, net:	
Municipal taxes	887,863
Intergovernmental	81,569
Other	83,945
Municipal court	6,684
Cash - restricted	311,419
Prepaid items	54,771
Net pension asset	3,796,377
Capital assets:	
Land and construction in progress	26,900
Other capital assets, net of accumulated depreciation	13,930,258
Total Assets	27,181,986
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension related	826,803
 LIABILITIES	
Accounts payable	264,235
Accrued interest	62,885
Wages payable	108,577
Payroll withholdings	20,478
Escrow funds payable	310,919
Noncurrent liabilities:	
Due within one year	417,190
Due in more than one year	3,499,970
Total Liabilities	4,684,254
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	49,058
 NET POSITION	
Net investment in capital assets	10,484,378
Restricted for:	
Law enforcement training	67,103
Parks and stormwater projects	1,466,380
Sewer lateral projects	61,857
Unrestricted	11,195,759
Total Net Position	\$ 23,275,477

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 690,213	406,392	-	-	(283,821)
Boards and commissions	18,477	-	-	-	(18,477)
Building department	223,745	233,256	-	-	9,511
Fire department	2,345,213	291,073	-	-	(2,054,140)
Legal department	60,046	-	-	-	(60,046)
Municipal building	476,328	-	-	-	(476,328)
Municipal court	137,991	-	-	-	(137,991)
Police department	2,434,495	604,200	-	-	(1,830,295)
Public works	561,807	36,369	380,141	408,152	262,855
Stormwater	822,612	-	-	65,000	(757,612)
Interest on long-term debt	191,161	-	-	-	(191,161)
Total Governmental Activities	<u>\$ 7,962,088</u>	<u>1,571,290</u>	<u>380,141</u>	<u>473,152</u>	<u>(5,537,505)</u>
General Revenues					
Taxes:					
Property					1,193,571
Sales					4,423,905
Utility					544,789
Other					9,157
Federal interest subsidy					56,998
Gain on sale of capital assets					10,645
Investment income					28,465
Other					175,980
Total General Revenues					<u>6,443,510</u>
CHANGE IN NET POSITION					906,005
NET POSITION, JULY 1, 2014, AS RESTATED					<u>22,369,472</u>
NET POSITION, JUNE 30					<u>\$ 23,275,477</u>

See notes to financial statements

CITY OF FRONTENAC, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Parks And Stormwater	Capital Improvement	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,520,055	1,482,145	-	8,002,200
Receivables, net:				
Municipal taxes	510,839	203,986	173,038	887,863
Intergovernmental	20,172	-	40,913	61,085
Other	83,945	-	-	83,945
Municipal court	6,684	-	-	6,684
Cash - restricted	311,419	-	-	311,419
Prepaid items	48,773	1,660	4,338	54,771
Due from other funds	4,635,575	-	-	4,635,575
	\$ 12,137,462	1,687,791	218,289	14,043,542
Total Assets	\$ 12,137,462	1,687,791	218,289	14,043,542
 LIABILITIES				
Accounts payable	\$ 16,752	154,465	93,018	264,235
Wages payable	101,256	2,885	4,436	108,577
Payroll withholdings	19,011	544	923	20,478
Due to other funds	-	-	4,635,575	4,635,575
Escrow funds payable	310,919	-	-	310,919
Total Liabilities	447,938	157,894	4,733,952	5,339,784
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	10,165	-	-	10,165
 FUND BALANCES				
Nonspendable:				
Prepaid items	48,773	1,660	4,338	54,771
Long-term interfund amounts	4,635,575	-	-	4,635,575
Restricted for:				
Law enforcement training	67,103	-	-	67,103
Parks and stormwater projects	-	1,466,380	-	1,466,380
Sewer lateral projects	-	61,857	-	61,857
Unassigned	6,927,908	-	(4,520,001)	2,407,907
Total Fund Balances	11,679,359	1,529,897	(4,515,663)	8,693,593
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 12,137,462	1,687,791	218,289	14,043,542

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$ 8,693,593
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$16,904,273 and the accumulated depreciation is \$2,947,115.</p>	13,957,158
<p>Other long-term assets (property taxes not collected within 60 days of year-end) are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.</p>	10,165
<p>Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:</p>	
Net pension asset	3,796,377
Deferred outflows - pension related	826,803
Deferred inflows - pension related	(49,058)
Interest subsidy receivable	20,484
<p>Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>	
Accrued compensated absences	(444,380)
Accrued interest payable	(62,885)
Certificates of participation	(3,455,000)
Unamortized bond premium	(17,780)
	(3,999,955)
Total Net Position Of Governmental Activities	\$ 23,275,477

CITY OF FRONTENAC, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Parks And Stormwater</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Municipal taxes	\$ 4,230,553	1,058,730	1,145,005	6,434,288
Intergovernmental	116,291	65,000	408,152	589,443
Licenses	406,392	-	-	406,392
Police and fire protection	509,164	-	-	509,164
Police fines	362,531	-	-	362,531
Investment income	21,677	6,788	-	28,465
Federal interest subsidy	-	-	56,998	56,998
Other	443,459	36,369	-	479,828
Total Revenues	<u>6,090,067</u>	<u>1,166,887</u>	<u>1,610,155</u>	<u>8,867,109</u>
EXPENDITURES				
Current:				
Administration	621,389	-	50,368	671,757
Board and commissions	18,477	-	-	18,477
Building department	233,478	-	3,206	236,684
Fire department	2,259,933	-	55,917	2,315,850
Legal department	60,046	-	-	60,046
Municipal building	-	-	200,993	200,993
Municipal court	143,095	-	-	143,095
Police department	2,549,467	-	81,065	2,630,532
Public works	-	34,491	439,278	473,769
Stormwater	-	166,770	-	166,770
Capital outlay	-	671,779	779,259	1,451,038
Debt service:				
Principal	-	-	190,000	190,000
Interest	-	-	194,354	194,354
Total Expenditures	<u>5,885,885</u>	<u>873,040</u>	<u>1,994,440</u>	<u>8,753,365</u>
NET CHANGE IN FUND BALANCES	204,182	293,847	(384,285)	113,744
FUND BALANCES (DEFICIT), JULY 1	<u>11,475,177</u>	<u>1,236,050</u>	<u>(4,131,378)</u>	<u>8,579,849</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 11,679,359</u>	<u>1,529,897</u>	<u>(4,515,663)</u>	<u>8,693,593</u>

CITY OF FRONTENAC, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change In Fund Balances - Governmental Funds \$ 113,744

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 capital outlays over the capitalization threshold totaling \$690,892 exceeded depreciation \$447,876 in the current period. 243,016

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 984

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

Amortization 1,293
Certificates of participation principal payments 190,000

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 (76,781)
Accrued interest on debt 1,900
Net pension asset (345,896)
Deferred outflows - pension related 826,803
Deferred inflows - pension related (49,058)

Change In Net Position Of Governmental Activities \$ 906,005

CITY OF FRONTENAC, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND
JUNE 30, 2015

ASSETS

Cash	\$ 4,800
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LIABILITIES

Due to others - court appearance bonds	<u>4,800</u>
--	--------------

NET POSITION

	<u><u>\$ -</u></u>
--	--------------------

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund's financial statements are reported using the accrual basis of accounting with no economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period, if any. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Additionally, the City reports the following fund types:

Agency Fund -- The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The City's Agency Fund consists of the municipal court collections for appearance bonds.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

4. Cash and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, time certificates of deposit, and repurchase agreements. Investments are stated at fair value.

5. Allowance for Doubtful Accounts

Municipal Court receivables are shown net of an allowance for uncollectibles of \$49,484, and ambulance revenues are shown net of an allowance for uncollectibles of \$16,804. 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 fair value at the date of donation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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

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

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

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

9. Interfund Transactions

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

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

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

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

10. Compensated Absences

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Compensated Absences (Continued)

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

11. Long-term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Deferred Outflows/Inflows of Resources

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

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

13. Fund Balances

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balances (Continued)

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

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

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

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

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

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

14. Ambulance Revenue

The City provides ambulance service to the City and the surrounding municipalities of Huntleigh, Crystal Lake Park, and Country Life Acres. Payments for ambulance service are charged to insurance companies, Medicare, Medicaid, and individuals. Gross ambulance service charges are typically reduced by insurance companies, Medicare, and Medicaid as well as amounts that are written off as uncollectible and referred to collections. During the year ended June 30, 2015, the City had gross charges totaling \$255,554. The gross charges were reduced by amounts disallowed by the insurance companies, Medicare, and Medicaid totaling \$82,443, uncollectible amounts (amounts referred to collections) totaling \$44,103, and a refund amount of \$578.

15. Property Taxes

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Property Taxes (Continued)

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

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

16. Use of Estimates

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

17. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

As of June 30, 2015, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments

As of June 30, 2015, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Money market funds	\$ 2,766,107	2,766,107	-	-	Not rated
Certificates of deposit	3,083,000	-	2,834,000	249,000	N/A
Total Investments	<u>\$ 5,849,107</u>	<u>2,766,107</u>	<u>2,834,000</u>	<u>249,000</u>	

Investment Policies

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

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

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

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2015			
	Balance June 30 2014	Increases	Decreases	Balance June 30 2015
Capital assets not being depreciated:				
Land	\$ 26,900	-	-	26,900
Construction in progress	72,072	553,311	625,383	-
Total Capital Assets Not Being Depreciated	<u>98,972</u>	<u>553,311</u>	<u>625,383</u>	<u>26,900</u>
Capital assets being depreciated:				
Buildings and other improvements	11,126,526	-	-	11,126,526
Office furniture and equipment	90,279	-	-	90,279
Machinery and equipment	1,698,055	137,581	35,936	1,799,700
Infrastructure	3,235,485	625,383	-	3,860,868
Total Capital Assets Being Depreciated	<u>16,150,345</u>	<u>762,964</u>	<u>35,936</u>	<u>16,877,373</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	1,024,776	276,704	-	1,301,480
Office furniture and equipment	72,566	5,479	-	78,045
Machinery and equipment	989,767	89,090	35,936	1,042,921
Infrastructure	448,066	76,603	-	524,669
Total Accumulated Depreciation	<u>2,535,175</u>	<u>447,876</u>	<u>35,936</u>	<u>2,947,115</u>
Total Capital Assets Being Depreciated, Net	<u>13,615,170</u>	<u>315,088</u>	<u>-</u>	<u>13,930,258</u>
Total Capital Assets, Net	<u>\$13,714,142</u>	<u>868,399</u>	<u>625,383</u>	<u>13,957,158</u>

The beginning balance for capital assets was decreased by \$5,925,628 to reflect a prior period adjustment for assets that are not owned by the City. The City pays for certain stormwater projects throughout the City, but then they transfer ownership of the finished project.

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

	For The Year Ended June 30 2015
Administration	\$ 1,478
Building	1,500
Fire	41,460
Municipal building	274,119
Police	27,582
Public works	86,757
Stormwater	14,980
Total	<u>\$ 447,876</u>

NOTE D - PENSION PLAN

Plan Description

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

Benefits Provided

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

2015 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>52</u>
Total	<u>90</u>

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees do not contribute to the pension plan. The City contribution rates are 10.1% (General), 12.1% (Police) and 4.7% (Fire) of annual covered payroll.

Net Pension Liability

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic Assets	6.50	7.50

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 15,106,961	19,249,234	(4,142,273)
Changes for the year			
Service cost	430,231	-	430,231
Interest	1,091,955	-	1,091,955
Difference between expected and actual experience	(53,941)	-	(53,941)
Contributions - employer	-	361,464	(361,464)
Contributions - employee	-	63,038	(63,038)
Net investment income	-	371,820	(371,820)
Benefit payments, including refunds	(522,874)	(522,874)	-
Administrative expense	-	(7,642)	7,642
Other changes	-	333,669	(333,669)
Net Changes	<u>945,371</u>	<u>599,475</u>	<u>345,896</u>
Balances at June 30, 2015	<u>\$ 16,052,332</u>	<u>19,848,709</u>	<u>(3,796,377)</u>

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

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

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - PENSION PLAN (Continued)

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	(\$1,561,636)	(\$3,796,377)	(\$5,667,605)

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

For the year ended June 30, 2015, the City recognized pension expense of (\$70,385). Reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 1,317	(49,058)	(47,741)
Excess (deficit) investment returns	825,486	-	825,486
Total	<u>\$ 826,803</u>	<u>(49,058)</u>	<u>777,745</u>

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

<u>For The Years Ending June 30</u>		
2016		\$ 200,172
2017		200,172
2018		200,172
2019		200,170
2020		(6,200)
Thereafter		<u>(16,741)</u>
Total		<u>\$ 777,745</u>

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM LIABILITIES

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

	For The Year Ended June 30, 2015				Due Within One Year
	Balance June 30 2014	Additions	Deletions	Balance June 30 2015	
Certificates of participation	\$ 3,645,000	-	190,000	3,455,000	195,000
Plus - premium	19,073	-	1,293	17,780	-
Compensated absences	367,599	443,801	367,020	444,380	222,190
Total	\$ 4,031,672	443,801	558,313	3,917,160	417,190

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

Certificates of Participation

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

Aggregate maturities required on the debt are as follows:

For The Years Ending June 30	Principal	Interest	Total
2016	\$ 195,000	188,655	383,655
2017	200,000	181,831	381,831
2018	210,000	175,581	385,581
2019	215,000	164,072	379,072
2020	225,000	152,291	377,291
2021 - 2025	1,240,000	568,557	1,808,557
2026 - 2029	1,170,000	179,995	1,349,995
Total	\$ 3,455,000	1,610,982	5,065,982

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 \$60,000 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 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 - RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,595,340 of restricted net position, all of which is restricted by enabling legislation.

NOTE I - DEFICIT FUND BALANCE

The Capital Improvement Fund has a deficit fund balance at June 30, 2015 of (\$4,515,663). This deficit will be financed through future revenues of the fund.

NOTE J - FINES AND COURT COSTS FOR TRAFFIC VIOLATIONS

RSMo 302.341.2 requires an accounting of the percentage of annual fines and courts costs for traffic violations, including amended charges from any charged traffic violation, occurring within the City to total general operating revenue, to be included in the annual financial report. During the year, the amount of traffic fines, forfeitures and related court costs, the general operating revenue, and related percent amounted to \$357,772, \$5,425,644, and 6.59%, respectively, which is below the threshold of 30% identified in RSMo 302.341.2.

CITY OF FRONTENAC, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - PRIOR PERIOD ADJUSTMENT

The previously stated net position has been restated as follows:

	<u>Governmental Activities</u>
Net position, June 30, 2014, as previously reported	\$ 24,084,008
Restatement for:	
Capital assets	(5,925,628)
GASB 68 implementation	<u>4,211,092</u>
Net Position, June 30, 2014, As Restated	<u><u>\$ 22,369,472</u></u>

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Municipal Taxes			
General sales	\$ 1,416,075	1,510,274	94,199
Property	1,186,410	1,192,587	6,177
Fire department sales	502,760	529,365	26,605
Local option sales	430,812	453,538	22,726
Utilities	566,949	544,789	(22,160)
Total Municipal Taxes	<u>4,103,006</u>	<u>4,230,553</u>	<u>127,547</u>
Intergovernmental			
Gasoline	103,680	107,134	3,454
Cigarette	9,237	9,157	(80)
Total Intergovernmental	<u>112,917</u>	<u>116,291</u>	<u>3,374</u>
Licenses			
Merchants	450,310	396,364	(53,946)
Liquor	8,000	10,028	2,028
Total Licenses	<u>458,310</u>	<u>406,392</u>	<u>(51,918)</u>
Police And Fire Protection	<u>501,200</u>	<u>509,164</u>	<u>7,964</u>
Police Fines	<u>524,253</u>	<u>362,531</u>	<u>(161,722)</u>
Investment Income	<u>30,047</u>	<u>21,677</u>	<u>(8,370)</u>
Other			
Building permits	115,848	217,197	101,349
Lease income	60,008	60,008	-
Cable television	64,903	71,729	6,826
Miscellaneous	75,692	94,525	18,833
Total Other	<u>316,451</u>	<u>443,459</u>	<u>127,008</u>
Total Revenues	<u>6,046,184</u>	<u>6,090,067</u>	<u>43,883</u>

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES			
Administration			
Dues and memberships	1,502	1,596	94
Insurance	62,290	54,707	(7,583)
Legal and professional	20,670	31,728	11,058
Meetings and seminars	7,115	6,034	(1,081)
Mileage reimbursement	1,700	620	(1,080)
Miscellaneous	13,090	14,325	1,235
Office supplies	4,500	5,351	851
Postage	8,000	8,298	298
Printing and publishing	7,000	8,198	1,198
Public relations	10,550	8,945	(1,605)
Salaries and benefits	484,378	481,587	(2,791)
Training and education	3,250	-	(3,250)
Total Administration	624,045	621,389	(2,656)
Boards and Commissions			
Court reporter	500	-	(500)
Dues and memberships	3,279	3,121	(158)
Elections	1,500	2,526	1,026
Liability insurance	7,873	8,305	432
Meetings and seminars	1,550	3,041	1,491
Printing and publishing	3,260	1,484	(1,776)
Total Boards And Commissions	17,962	18,477	515
Building Department			
Meetings and seminars	3,250	1,916	(1,334)
Dues and memberships	570	426	(144)
Mileage reimbursement	400	-	(400)
Miscellaneous	-	456	456
Office supplies	2,000	2,060	60
Printing and publishing	800	196	(604)
Professional services	15,000	14,973	(27)
Salaries and benefits	215,002	213,088	(1,914)
Training	1,500	181	(1,319)
Uniforms	600	182	(418)
Total Building Department	239,122	233,478	(5,644)

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Fire Department			
Dues and memberships	2,985	3,929	944
EMS	10,500	8,352	(2,148)
Meetings and seminars	3,850	1,371	(2,479)
Mileage reimbursement	1,000	794	(206)
Miscellaneous	6,100	5,465	(635)
Physical examinations	6,080	6,850	770
Professional services	11,600	9,974	(1,626)
Public relations	3,000	666	(2,334)
Salaries and benefits	2,070,832	2,075,137	4,305
Dispatch services	124,987	126,294	1,307
Specialized training	27,350	11,750	(15,600)
Uniforms	10,000	9,351	(649)
Total Fire Department	2,278,284	2,259,933	(18,351)
Legal Department			
City attorney legal services	12,000	18,923	6,923
City attorney retainer	18,000	18,000	-
Professional services	4,000	23,123	19,123
Total Legal Department	34,000	60,046	26,046
Municipal Court			
Dues and memberships	90	90	-
Judges retainer	12,000	12,300	300
Legal services	6,500	5,558	(942)
Maintenance and repair	5,000	5,886	886
Meetings and seminars	2,424	1,911	(513)
Mileage reimbursement	680	552	(128)
Miscellaneous	2,580	2,594	14
Office supplies	1,850	1,551	(299)
Printing	3,629	2,862	(767)
Prisoner expenses	5,000	1,110	(3,890)
Prosecuting attorney retainer	18,000	18,000	-
Salaries and benefits	100,481	90,482	(9,999)
Training and education	200	199	(1)
Total Municipal Court	158,434	143,095	(15,339)

(Continued)

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Police Department			
Communications	31,000	28,869	(2,131)
Detective bureau	425	425	-
Dispatch consortium	124,987	126,294	1,307
Dues and memberships	1,445	1,280	(165)
Miscellaneous	700	669	(31)
Office supplies	5,800	5,807	7
Patrol	6,500	6,051	(449)
Physical examinations	50	-	(50)
Prisoner detention	575	446	(129)
Salaries and benefits	2,376,041	2,355,029	(21,012)
Specialized training	17,075	11,119	(5,956)
Traffic safety units	600	495	(105)
Uniforms	13,000	12,983	(17)
Total Police Department	2,578,198	2,549,467	(28,731)
Total Expenditures	5,930,045	5,885,885	(44,160)
NET CHANGE IN FUND BALANCE	\$ 116,139	204,182	88,043
FUND BALANCE, JULY 1		11,475,177	
FUND BALANCE, JUNE 30		\$ 11,679,359	

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARKS AND STORMWATER FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Municipal taxes - sales tax	\$ 1,005,519	1,058,730	53,211
Intergovernmental	238,729	65,000	(173,729)
Investment income	3,725	6,788	3,063
Other	37,000	36,369	(631)
Total Revenues	1,284,973	1,166,887	(118,086)
EXPENDITURES			
Current:			
Public works	37,000	34,491	(2,509)
Stormwater	182,925	166,770	(16,155)
Capital outlay	1,349,829	671,779	(678,050)
Total Expenditures	1,569,754	873,040	(696,714)
NET CHANGE IN FUND BALANCE	\$ (284,781)	293,847	578,628
FUND BALANCE, JULY 1		1,236,050	
FUND BALANCE, JUNE 30		\$ 1,529,897	

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, 2015

Budgets and Budgetary Accounting

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

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

For the year ended June 30, 2015, expenditures exceeded appropriations in the boards and commissions department (\$515) and the legal department (\$26,046) of the General Fund. These over expenditures were covered by additional current year revenues or available fund balance.

CITY OF FRONTENAC, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2015

Total Pension Liability

Service cost	\$ 430,231
Interest on the total pension liability	1,091,955
Difference between expected and actual experience	(53,941)
Benefit payments	(522,874)
Net Change In Total Pension Liability	945,371

Total Pension Liability Beginning

15,106,961

Total Pension Liability Ending (a)

\$ 16,052,332

Plan Fiduciary Net Position

Contributions-employer	\$ 361,464
Contributions-employee	63,038
Pension Plan Net Investment income	371,820
Benefit Payments	(522,874)
Pension Plan Administrative expense	(7,642)
Other	333,669
Net Change In Plan Fiduciary Net Position	599,475

Plan Fiduciary Net Position Beginning

19,249,234

Plan Fiduciary Net Position Ending (b)

\$ 19,848,709

Net Pension Liability (Asset) Ending (a-b)

\$ (3,796,377)

Plan Fiduciary Net Position as a Percentage
of the Total Pension Liability (Asset)

(123.65) %

Covered Employee Payroll (for February 28/29 Valuation)

\$ 4,013,489

Net Pension Liability (Asset) as a Percentage
of Covered Employee Payroll

(94.59) %

Notes:

Required supplemental information is not available for fiscal years prior to 2015.

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

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

	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined pension contribution	\$ 381,092	350,822	386,206	355,736	371,256	213,760	186,129	156,336	157,148	124,443
Contributions in relation to the actuarially determined contribution	361,465	323,238	298,183	252,067	236,765	189,407	165,005	135,042	115,685	91,441
Contribution Deficiency	\$ 19,627	27,584	88,023	103,669	134,491	24,353	21,124	21,294	41,463	33,002
Covered Employee Payroll	\$ 4,099,049	4,005,877	3,792,652	3,682,697	3,941,114	3,562,923	3,338,725	3,194,871	3,140,971	3,079,462
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	8.82 %	8.07	7.86	6.84	6.01	5.32	4.94	4.23	3.68	2.97

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 14 to 16 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other information:

Notes: There were no benefit changes during the year.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF FRONTENAC, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Municipal taxes - sales tax	\$ 1,101,692	1,145,005	43,313
Intergovernmental	383,303	408,152	24,849
Federal interest subsidy	57,028	56,998	(30)
Total Revenues	1,542,023	1,610,155	68,132
EXPENDITURES			
Current:			
Administration	54,485	50,368	(4,117)
Building department	5,500	3,206	(2,294)
Fire department	65,100	55,917	(9,183)
Municipal building	196,833	200,993	4,160
Police department	117,000	81,065	(35,935)
Public works	448,817	439,278	(9,539)
Capital outlay	790,942	779,259	(11,683)
Debt service:			
Principal	190,000	190,000	-
Interest	194,356	194,354	(2)
Total Expenditures	2,063,033	1,994,440	(68,593)
NET CHANGE IN FUND BALANCE	\$ (521,010)	(384,285)	136,725
FUND BALANCE (DEFICIT), JULY 1		(4,131,378)	
FUND BALANCE (DEFICIT), JUNE 30		\$ (4,515,663)	

CITY OF FRONTENAC, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30</u> <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30</u> <u>2015</u>
ASSETS				
Cash	\$ 14,165	23,765	33,130	4,800
LIABILITIES				
Due to others - court appearance bonds	\$ 14,165	23,765	33,130	4,800

SECTION III - STATISTICAL SECTION

CITY OF FRONTENAC, MISSOURI

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	48 - 51
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	52 - 57
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	58 - 60
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	61 - 63
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	64 - 66

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

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

	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 10,484,378	10,050,069	15,515,379	14,455,897	13,400,325	7,683,534	5,435,021	4,890,309	3,609,755	3,042,779
Restricted for:										
Law enforcement training	67,103	62,667	54,094	44,269	36,258	28,069	21,699	13,493	7,750	17,634
Parks and stormwater projects	1,466,380	1,176,071	983,890	950,789	1,331,060	3,914,529	6,151,771	6,097,341	5,658,569	4,619,050
Sewer lateral projects	61,857	59,979	53,514	75,679	68,901	74,589	67,676	57,106	52,997	52,997
Unrestricted	11,195,759	11,020,686	6,604,557	6,459,675	6,380,639	8,760,860	8,033,345	7,301,169	6,379,299	5,685,142
 Total Governmental Activities/Net Position	<u>\$ 23,275,477</u>	<u>22,369,472</u>	<u>23,211,434</u>	<u>21,986,309</u>	<u>21,217,183</u>	<u>20,461,581</u>	<u>19,709,512</u>	<u>18,359,418</u>	<u>15,708,370</u>	<u>13,417,602</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
REVENUES										
Program revenues:										
Charges for services	\$ 1,571,290	1,718,667	1,628,310	1,600,314	1,475,389	1,268,140	1,466,716	1,453,491	1,607,051	1,270,130
Operating grants and contributions	380,141	371,978	366,636	186,006	39,028	-	25,500	5,313	5,813	5,306
Capital grants and contributions	473,152	226,328	433,764	10,800	268,000	-	-	-	-	-
General revenues:										
Taxes	6,171,422	6,026,642	5,838,889	5,794,793	5,608,144	5,431,544	5,279,416	6,217,408	5,959,000	5,903,961
Federal interest subsidy	56,998	58,350	59,671	61,453	-	-	-	-	-	-
Investment income	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313	571,646	390,720
Other	186,625	155,514	202,494	304,436	320,634	341,045	272,283	358,434	173,660	161,916
Total Revenues	<u>8,868,093</u>	<u>8,588,320</u>	<u>8,567,299</u>	<u>7,994,023</u>	<u>7,731,189</u>	<u>7,142,681</u>	<u>7,375,293</u>	<u>8,575,959</u>	<u>8,317,170</u>	<u>7,732,033</u>
EXPENSES										
Administration	690,213	683,753	701,676	680,559	625,511	610,452	522,248	571,680	542,823	563,391
Boards and commissions	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505	37,219	38,400
Building department	223,745	237,701	248,116	231,358	215,640	205,741	197,783	186,956	178,958	169,736
Fire department	2,345,213	2,244,098	2,132,554	2,078,641	1,923,470	1,626,573	1,414,073	1,436,657	1,409,722	1,338,931
Legal department	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789	94,171	127,313
Municipal building	476,328	482,113	477,265	447,647	289,129	244,894	138,852	132,224	121,327	144,476
Municipal court	137,991	142,625	146,083	148,790	131,482	132,683	133,861	132,650	139,360	95,858
Police department	2,434,495	2,689,626	2,485,310	2,428,191	2,778,994	2,482,833	2,467,974	2,395,229	2,462,522	2,335,408
Public works	561,807	566,957	540,454	525,418	588,472	714,388	976,700	968,723	1,003,364	881,176
Stormwater	822,612	402,750	353,390	319,009	217,578	240,688	111,076	46,498	36,936	49,223
Interest on long-term debt	191,161	196,763	202,213	211,595	155,234	55,956	-	-	-	-
Total Expenses	<u>7,962,088</u>	<u>7,715,746</u>	<u>7,342,174</u>	<u>7,123,260</u>	<u>6,975,587</u>	<u>6,390,612</u>	<u>6,025,199</u>	<u>5,924,911</u>	<u>6,026,402</u>	<u>5,743,912</u>
CHANGE IN NET POSITION	<u>\$ 906,005</u>	<u>872,574</u>	<u>1,225,125</u>	<u>870,763</u>	<u>755,602</u>	<u>752,069</u>	<u>1,350,094</u>	<u>2,651,048</u>	<u>2,290,768</u>	<u>1,988,121</u>

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

	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 4,684,348	4,291,191	3,959,543	3,415,373	2,972,188	-	-	-	-	-
Restricted	67,103	62,667	54,094	44,269	36,258	-	-	-	-	-
Unassigned	6,927,908	7,121,319	6,922,830	6,895,856	6,745,650	-	-	-	-	-
Reserved	-	-	-	-	-	28,069	21,699	13,493	7,750	17,634
Unreserved	-	-	-	-	-	9,099,536	8,392,317	7,640,222	6,700,061	5,971,913
Total General Fund	\$ 11,679,359	11,475,177	10,936,467	10,355,498	9,754,096	9,127,605	8,414,016	7,653,715	6,707,811	5,989,547
All Other Governmental Funds										
Nonspendable	\$ 5,998	-	12,194	11,545	-	-	-	-	-	-
Restricted	1,528,237	1,236,050	1,037,216	1,026,468	1,399,961	-	-	-	-	-
Unassigned	(4,520,001)	(4,131,378)	(3,847,573)	(3,422,305)	(2,972,188)	-	-	-	-	-
Reserved	-	-	-	-	-	74,589	67,676	57,106	52,997	52,997
Unreserved	-	-	-	-	-	3,914,529	6,151,771	6,097,341	5,658,569	4,635,500
Total All Other Governmental Funds	\$ (2,985,766)	(2,895,328)	(2,798,163)	(2,384,292)	(1,572,227)	3,989,118	6,219,447	6,154,447	5,711,566	4,688,497
Total General And Other Funds	\$ 8,693,593	8,579,849	8,138,304	7,971,206	8,181,869	13,116,723	14,633,463	13,808,162	12,419,377	10,678,044

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

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

	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
REVENUES										
Municipal taxes	\$ 6,434,288	6,281,941	6,096,429	5,800,458	5,605,585	5,431,407	5,283,938	6,213,611	5,797,362	5,747,501
Licenses and permits	623,589	640,399	532,989	531,805	525,986	419,331	574,301	562,219	575,613	488,173
Charges for services (Police, Fire, and EMS)	509,164	482,222	488,399	442,028	478,070	323,157	281,648	262,655	250,358	226,405
Rental income (cell tower leases)	60,008	60,008	60,008	60,008	60,008	56,879	56,879	86,761	60,815	61,095
Police fines and forfeitures	362,531	510,188	524,253	589,503	434,049	488,287	573,872	591,223	744,406	519,516
Intergovernmental (cigarette and fuel tax)	116,291	112,392	110,058	115,877	122,294	133,075	113,435	151,239	161,614	154,884
Grants and MSD contributions	473,152	226,328	433,764	196,806	307,028	37,516	25,500	5,313	5,813	5,306
Investment income	28,465	30,841	37,535	36,221	19,994	101,952	331,378	541,313	571,646	390,720
Other	259,621	272,521	283,455	226,982	175,616	150,940	138,864	157,828	149,519	136,857
Total Revenues	8,867,109	8,616,840	8,566,890	7,999,688	7,728,630	7,142,544	7,379,815	8,572,162	8,317,146	7,730,457
EXPENDITURES										
Administration	671,757	617,775	614,175	614,599	549,289	513,866	480,053	530,593	523,805	551,704
Board and commissions	18,477	16,137	18,105	15,469	15,714	38,726	23,920	17,505	37,219	38,400
Building department	236,684	227,965	251,031	223,181	208,243	202,552	197,533	186,956	179,026	171,424
Fire department	2,315,850	2,191,523	2,099,902	2,026,352	1,848,817	1,579,852	1,347,109	1,339,464	1,285,016	1,238,457
Legal department	60,046	53,223	37,008	36,583	34,363	37,678	38,712	36,789	94,171	127,313
Municipal building	200,993	195,178	184,802	155,374	137,394	98,421	111,909	117,081	105,552	103,378
Municipal court	143,095	142,763	142,393	148,669	131,431	137,304	135,260	128,952	131,871	93,117
Police department	2,630,532	2,574,554	2,411,659	2,399,574	2,642,639	2,462,618	2,376,055	2,303,067	2,328,222	2,255,600
Public works	473,769	484,258	467,262	441,092	447,257	644,393	887,800	881,735	806,170	814,883
Stormwater	166,770	142,050	137,625	133,706	128,800	124,899	88,210	40,725	19,183	13,010
Capital outlay	1,451,038	1,144,963	1,650,524	1,650,339	6,195,344	7,098,498	867,953	1,600,510	1,065,581	928,252
Debt service:										
Principal	190,000	185,000	180,000	175,000	170,000	165,000	-	-	-	-
Interest	194,354	199,906	205,306	210,554	154,193	55,262	-	-	-	-
Issuance costs	-	-	-	-	-	45,322	-	-	-	-
Total Expenditures	8,753,365	8,175,295	8,399,792	8,230,492	12,663,484	13,204,391	6,554,514	7,183,377	6,575,816	6,335,538
REVENUES OVER (UNDER) EXPENDITURES	113,744	441,545	167,098	(230,804)	(4,934,854)	(6,061,847)	825,301	1,388,785	1,741,330	1,394,919
OTHER FINANANCING SOURCES										
Issuance of debt	-	-	-	-	-	4,520,000	-	-	-	-
Premium on debt issuance	-	-	-	-	-	25,107	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	4,545,107	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ 113,744	441,545	167,098	(230,804)	(4,934,854)	(1,516,740)	825,301	1,388,785	1,741,330	1,394,919
Debt service as a percentage of noncapital expenditures	4.77 %	5.38	5.66	5.86	5.01	3.61	0.00	0.00	0.00	0.00

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**
2015*	\$ 178,710,480	\$ 42,092,410	\$ 1,950,691	\$ 19,733,240	\$ 242,486,821	\$ 1,131,325,895	21 %	\$ 0.497
2014	175,444,540	40,815,870	1,760,916	19,906,455	237,927,781	1,110,667,247	21	0.498
2013*	175,176,750	40,795,270	1,721,479	17,941,807	235,635,306	1,103,298,918	21	0.496
2012	176,038,020	41,566,600	1,659,201	18,359,854	237,623,675	1,111,496,590	21	0.490
2011*	175,034,390	41,367,320	1,693,418	16,802,630	234,897,758	1,100,919,438	21	0.489
2010	180,207,200	41,783,980	1,552,894	17,424,197	240,968,271	1,131,311,704	21	0.474
2009*	178,331,720	41,784,750	1,508,614	19,249,990	240,875,074	1,126,921,089	21	0.459
2008	185,623,330	42,497,380	1,465,124	20,525,977	250,111,811	1,171,353,297	21	0.435
2007*	181,104,060	42,028,800	1,503,879	21,253,846	245,890,585	1,148,287,178	21	0.434
2006	148,546,800	33,005,250	1,527,843	20,758,537	203,838,430	947,248,509	22	0.508

(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 33 $\frac{1}{3}$ %.

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

Taxing Authority	For The Years Ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City of Frontenac	0.4970	0.4980	0.4960	0.4900	0.4890	0.4740	0.4590	0.4350	0.4340	0.5080
Overlapping Governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
County Total (and segregated below 2009 - 2014)	0.5150	0.5230	0.5230	0.5230	0.5230	0.5230	0.5230	0.5580	0.5580	0.5580
County general	0.2060	0.2090	0.2090	0.2090	0.2090	0.2090	0.2090	-	-	-
County health fund	0.1380	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	-	-	-
County park maintenance	0.0490	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	-	-	-
County bond retire	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	0.0190	-	-	-
Roads and bridges	0.1030	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050	-	-	-
St. Louis Community College	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003	0.2233
Special School District	1.2348	1.2609	1.2400	1.0123	1.0125	0.9950	0.9384	0.9184	0.9084	0.8235
Metropolitan Zoo Museum District	0.2777	0.2797	0.2797	0.2684	0.2671	0.2546	0.2493	0.2344	0.2330	0.2611
County Library:										
Residential	0.2460	0.2500	0.2500	0.1730	0.1630	0.1565	0.1400	0.1400	0.1400	0.1500
Commercial	0.2590	0.2640	0.2640	0.1900	0.1900	0.1887	0.1630	0.1680	0.1500	0.1500
Agriculture	0.2390	0.2790	0.2790	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500	0.1500
Personal property	0.2250	0.2250	0.2250	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
School - Ladue	3.5339	3.7000	3.6300	3.6300	3.1000	3.1000	2.9800	2.9800	2.9800	2.9800
School - Kirkwood:										
Residential	4.1377	4.2524	4.2546	4.2841	4.2878	4.1869	4.0842	3.9219	3.9895	4.0338
Commercial	5.7072	5.5436	5.4565	5.4748	5.4067	5.0705	4.6057	4.7404	4.6621	4.7064
Agriculture	2.9202	6.4082	6.5385	5.4338	5.5146	5.2628	5.2722	6.0424	5.7622	5.8065
Personal property	4.8845	4.8845	4.8845	4.8845	4.7584	4.7584	4.3800	4.3800	4.1082	4.1525
Metropolitan Sewer District	0.0876	0.0879	0.0874	0.6350	0.0818	0.0790	-	- *	0.0667	0.0687
Sewers - Deer Creek:										
Residential	0.0830	0.0860	0.0860	0.0840	0.0840	0.0810	-	-	0.0600	0.0600
Commercial	0.0850	0.0870	0.0840	0.0830	0.0820	0.0820	-	-	0.0600	0.0600
Agriculture	0.0490	0.0990	0.1000	0.0790	0.0790	0.0760	-	-	0.0600	0.0600
Personal property	0.0930	0.0930	0.0930	0.0930	0.0930	0.0930	-	-	0.0600	0.0600
Sheltered Workshop:										
Residential	0.0880	0.0900	0.0890	0.0840	0.0840	0.0790	0.0740	0.0690	0.0700	0.0820
Commercial	0.0880	0.0900	0.0900	0.0900	0.0900	0.0850	0.0790	0.0810	0.0790	0.0850
Agriculture	0.0770	0.0900	0.0900	0.0900	0.0900	0.0870	0.0900	0.0900	0.0850	0.0850
Personal property	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0850	0.0850

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

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

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

TAXPAYER	2013			2004		
	Total Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Valuation	Total Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Valuation
Plaza Frontenac Acquisition (formerly Davis Street)	\$ 16,123,180	1	7.41 %	\$ 10,183,840	1	6.32 %
B & F Enterprises, LLC (Le Chateau)	9,960,860	2	4.58	7,776,630	2	4.82
Broad Frontenac Assoc. (Neiman and parking lot)	2,925,540	3	1.34	2,267,490	3	1.41
Frontenac Grove, LLC (formerly BF Joint Venture)	2,447,390	4	1.12	1,150,850	5	0.71
Ameren	1,724,459	5	0.79	1,342,812	4	0.83
Deer Creek Real Estate, LLC (Honda lot)	1,218,470	6	0.56	918,880	6	0.57
Frontenac Raquet Club, Inc. (A Mo Corp.)	953,580	7	0.44	-	-	-
Old Frontenac Square, LLC	838,400	8	0.39	884,540	7	0.55
Lindway Realty Co. (A Mo Corp.) (Forshaw lot)	809,150	9	0.37	600,920	9	0.37
Southern Real Estate & Financial Co.	684,380	10	0.31	-	-	-
Zern Galleries, Inc.	-	-	-	876,600	8	0.54
Total	<u>\$ 37,685,409</u>		<u>17.31 %</u>	<u>\$ 26,002,562</u>		<u>16.12 %</u>

Source: St. Louis County Assessor

Note: 2013 is the most recent available from the St. Louis County Assessor.

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)
2015	1.5 %	2.888 %	4.225 %	8.613 %	\$ 220,367,900	\$ 2,203,679	\$ 721,329	32.73 %
2014	1.5	2.888	4.225	8.613	211,554,600	2,115,546	686,459	32.45
2013	1.5	2.888	4.225	8.613	206,053,000	2,060,530	664,111	32.23
2012	1.5	2.888	4.225	8.613	187,142,400	1,871,424	576,306	30.80
2011	1.5	2.700	4.225	8.425	177,139,500	1,771,395	536,579	30.29
2010	1.5	2.200	4.225	7.925	166,694,600	1,666,946	489,386	29.36
2009	1.5	2.100	4.225	7.825	157,482,100	1,574,821	440,689	27.98
2008	1.5	1.850	4.225	7.575	186,920,200	1,869,202	573,140	30.66
2007	1.5	1.850	4.225	7.575	209,063,400	2,090,634	677,906	32.43
2006	1.5	1.850	4.225	7.575	190,722,700	1,907,227	592,495	31.07

(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 storm water sales tax effective April 2005

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

Fiscal Year	County 1% Sales Tax	City 0.25% General Sales Tax	City 0.25% Fire Sales Tax	City 0.5% Capital Improvements Sales Tax	City 0.5% Parks And Stormwater Tax	Total Sales Tax Revenues
2014 - 2015	\$ 1,482,350	\$ 453,538	\$ 529,365	\$ 899,922	\$ 1,058,730	\$ 4,423,905
2013 - 2014	1,429,086	440,896	514,611	874,837	1,029,219	4,288,649
2012 - 2013	1,370,564	422,323	492,853	837,851	985,706	4,109,297
2011 - 2012	1,293,338	391,584	457,107	777,081	914,211	3,833,321
2010 - 2011	1,223,837	367,072	428,965	729,106	858,161	3,607,141
2009 - 2010	1,154,463	345,470	403,372	685,749	806,844	3,395,898
2008 - 2009	1,163,825	349,618	408,153	693,861	816,251	3,431,708
2007 - 2008	1,377,394	430,152	501,891	853,218	971,199	4,133,854
2006 - 2007	1,358,791	428,352	497,646	847,644	1,019,076	4,151,509
2005 - 2006	1,396,883	429,765	504,432	855,919	955,392	4,142,391

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>
2015	\$ 3,472,780	1.23 %	997
2014	3,664,073	1.30	1,052
2013	3,850,366	1.37	1,106
2012	4,031,659	1.43	1,158
2011	4,210,107	1.50	1,209
2010	4,380,107	1.56	1,258
2009	-	-	-
2008	-	-	-
2007	-	-	-
2006	-	-	-

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, 2015

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Overlapping Debt
St. Louis County	\$ 105,615,000	1.16 %	\$ 1,229,705
Kirkwood School District	30,930,000	1.03	319,889
Ladue School District	88,579,976	11.43	10,121,599
Subtotal	225,124,976		11,671,193
City of Frontenac	3,472,780	100.00	3,472,780
Total Direct And Overlapping Debt	\$ 228,597,756		\$ 15,143,973

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed valuation	<u>\$ 242,486,821</u>	<u>237,927,781</u>	<u>235,635,306</u>	<u>237,623,675</u>	<u>234,897,758</u>	<u>240,968,271</u>	<u>240,875,074</u>	<u>250,111,811</u>	<u>245,890,585</u>	<u>203,838,430</u>
Debt limit	\$ 24,248,682	23,792,778	23,563,531	23,762,368	23,489,776	24,096,827	24,087,507	25,011,181	24,589,059	20,383,843
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 24,248,682</u>	<u>23,792,778</u>	<u>23,563,531</u>	<u>23,762,368</u>	<u>23,489,776</u>	<u>24,096,827</u>	<u>24,087,507</u>	<u>25,011,181</u>	<u>24,589,059</u>	<u>20,383,843</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

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

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

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

Fiscal Year	Population (1)	Median Age (1)	Household Income (1), (2)	Per Capita Income (1), (2)	Median House Value (2)	Ladue District Enrollment (3)	Kirkwood District Enrollment (3)	Unemployment Rate (4)	
								The City Of Frontenac	State Of Missouri
2015	3,482	49.2	\$ 154,162	\$ 80,768	\$ 672,200	N/A	N/A	1.2 %*	5.6 %**
2014	3,482	49.2	154,162	80,768	672,200	504	50	1.3	6.5
2013	3,482	49.2	154,162	80,768	672,200	475	58	1.2	6.5
2012	3,482	49.2	154,162	80,768	672,200	472	53	1.2	7.0
2011	3,482	49.2	154,162	80,768	672,200	436	57	1.5	8.4
2010	3,482	49.2	154,162	80,768	672,200	430	66	1.7	9.4
2009	3,483	46.0	119,508	64,532	442,400	430	55	1.7	9.3
2008	3,483	46.0	119,508	64,532	442,400	411	49	1.1	6.1
2007	3,483	46.0	119,508	64,532	442,400	398	N/A	0.9	5.0
2006	3,483	46.0	119,508	64,532	442,400	N/A	N/A	0.8	4.8

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
2014 - 2015	222	\$ 32,266,106	\$ 217,197	\$ 3,038,587	\$ 29,227,519
2013 - 2014	184	15,973,246	152,834	1,891,933	14,081,313
2012 - 2013	149	11,406,308	114,136	2,232,974	9,173,334
2011 - 2012	161	10,628,533	94,418	3,173,614	7,454,919
2010 - 2011	148	17,447,171	116,835	6,559,443	10,887,728
2009 - 2010	123	17,635,340	61,380	10,629,707	7,005,633
2008 - 2009	118	13,047,430	101,681	1,892,342	11,155,088
2007 - 2008	31	6,448,280	84,654	275,000	6,173,280
2006 - 2007	-	-	110,411	-	-
2005 - 2006	-	-	115,000	-	-

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>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neiman Marcus	216	1	209	2
Hilton Hotel	196	2	199	3
Saks Fifth Ave.	154	3	176	4
Oak Hill Villa	126	4	142	5
Wells Fargo	97	5	120	6
Mercy Center	93	6	-	-
St. Joseph Academy	85	7	90	10
Brio	85	7	101	7
Cardwell's	60	8	92	9
City of Frontenac	54	9	-	-
Honda of Frontenac	47	10	-	-
Shriners	-	-	276	1
Ladue ECC School	-	-	93	8
	<u> </u>		<u> </u>	
Total	<u>1,213</u>		<u>1,498</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government:										
Administrative services	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.00
Finance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court*	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.50	1.50	1.50
Building Department	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police:										
Officers	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Civilians**	1.00	1.00	1.00	1.00	6.00	6.00	6.00	6.00	6.00	6.00
Fire:										
Firefighters/EMS***	20.00	20.00	20.00	20.00	20.00	20.00	14.00	14.00	14.00	14.00
Public works										
Street and building maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Stormwater:										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Clerical	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
Total	<u>53.75</u>	<u>53.75</u>	<u>53.75</u>	<u>53.75</u>	<u>58.75</u>	<u>58.75</u>	<u>52.75</u>	<u>52.50</u>	<u>52.50</u>	<u>51.50</u>

Source: City payroll records

*Ratios less than one indicate a part time person

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

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

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

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Arrests	199	324	358	437	520	546	602	683	859	838
Traffic violations	1,982	3,005	3,838	3,494	4,723	3,473	4,094	3,546	4,511	7,482
Reports	776	704	829	917	1,004	1,003	1,071	1,231	1,323	1,220
Vehicle accidents	462	233	255	245	213	218	186	171	209	218
Calls for service	12,488	11,931	15,568	15,308	16,799	19,003	21,706	24,061	23,992	4,194
Fire:										
EMS calls	441	334	388	411	343	345	313	313	327	333
Fire calls	673	502	575	595	442	471	460	516	640	717
Inspections	329	288	267	283	247	244	304	287	239	222
Training hours	2,163	1,560	1,701	2,363	2,648	2,360	1,802	1,886	2,884	1,214
City ambulance transports	320	267	312	332	317	273	N/A	N/A	N/A	N/A
Planning and Building:										
Building permits issued	222	184	149	161	148	123	118	31	-	-
Licensing:										
Business licenses issued	293	281	273	266	271	240	278	285	300	301
Liquor licenses issued	20	16	16	14	15	15	13	14	14	13
Itinerant merchant licenses	5	8	2	7	7	6	3	6	-	-
Finance:										
Accounts payable processed	2,843	2,222	2,276	2,077	2,173	2,106	1,354	1,892	2,346	-
Payroll payments issued	1,410	1,460	1,454	1,414	1,568	1,500	1,376	1,388	1,362	-
Alarm monitoring clients	298	291	298	296	298	285	277	315	323	349
Municipal Court:										
Traffic violation revenues	357,772	478,696	497,330	-	-	-	-	-	-	-
Total operating revenues	5,425,644	5,504,183	5,368,142	-	-	-	-	-	-	-
Percent of traffic violation revenues to total operating revenues	7 %	9	9	-	-	-	-	-	-	-

Source: City records - various departments listed

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

FUNCTIONS/PROGRAMS	For The Years Ending June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Buildings	2	2	2	2	2	2	4	4	4	4
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	10	10	10	10	10	10	10	10	10
Squads	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	6	6	6
Squads	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of streets										
Public	6	6	6	6	6	6	6	6	6	6
Private	49	49	49	49	49	49	49	49	49	49
State and County	19	19	19	19	19	19	19	19	19	19
Number of street lights	8	8	8	8	8	8	7	7	7	7
Vehicles	3	3	3	3	3	3	3	3	3	3

Source: City records - various departments listed

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



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

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

December 30, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF FRONTENAC, MISSOURI** (the City) as of and for the year ended June 30, 2015, 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 30, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS