

University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial
Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2006

Financial Statements and Independent Auditors' Reports and Supplementary Information, 2005

City of Frontenac

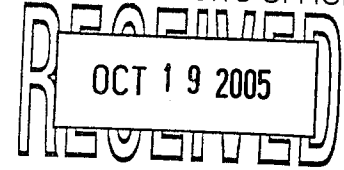
Follow this and additional works at: <https://irl.umsl.edu/cab>

Recommended Citation

City of Frontenac, "Financial Statements and Independent Auditors' Reports and Supplementary Information, 2005" (2006). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 634.

<https://irl.umsl.edu/cab/634>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.



CITY OF FRONTENAC, MISSOURI

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

CITY OF FRONTENAC, MISSOURI

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| BASIC FINANCIAL STATEMENTS: | |
| <i>Government-wide Financial Statements:</i> | |
| Statement of Net Assets | 11 |
| Statement of Activities..... | 12 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet - Governmental Funds..... | 13 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 15 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 16 |
| Statement of Fiduciary Net Assets - Fiduciary Fund Types - Agency Fund | 17 |
| Notes to Basic Financial Statements..... | 18 |

CITY OF FRONTENAC, MISSOURI

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund | 33 |
| Schedule of Revenues - Budget and Actual - General Fund..... | 34 |
| Schedule of Expenditures - Budget and Actual - General Fund | 35 |
| Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Road and Bridge (Special Revenue) Fund..... | 38 |
| Notes to Budgetary Comparison Schedules | 39 |
| Schedule of Funding Progress - Employees Retirement System..... | 40 |
| ADDITIONAL SUPPLEMENTARY INFORMATION: | |
| Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual: Capital Improvement Fund | 41 |
| Parks and Stormwater Fund | 42 |

SCHOWALTER & JABOURI, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
11878 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 849-4999
FAX (314) 849-3486

FINANCIAL SERVICES
COMPUTER SOLUTIONS
ADMINISTRATIVE OFFICES

11777 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 842-2929
FAX (314) 842-3483

INDEPENDENT AUDITORS' REPORT

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

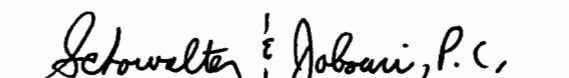
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Frontenac, Missouri (the "City") as of and for the fiscal year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Additional Supplementary Information, 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. This additional supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
September 9, 2005

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This section of the City of Frontenac's annual financial report presents our discussion and analysis of the financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- ✦ Government-wide expenses totaled \$5,327,250 for the 2004-2005 Fiscal Year.
- ✦ Government-wide revenues totaled \$6,666,237 for the 2004-2005 Fiscal Year, resulting in a \$1,338,987 surplus.
- ✦ Major expenditures include: personnel, benefits, refuse collection, the purchase of a new Fire Department pumper and the engineering for the Clayton Road Pavement Rehabilitation Phase I project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Frontenac's financial statements, which consist of five components: 1) Government-wide financial statements, 2) Fund financial statements, 3) Notes to the financial statements, 4) Required supplementary information, and 5) Additional supplementary information.

Government-wide Financial Statements

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 government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements are located on pages 11 - 12.

The Statement of Net Assets presents information on all of the City of Frontenac's assets and liabilities with the difference between the two reported as net assets. Over time, changes in net assets may service as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to recognize that during this fiscal year the City of Frontenac raised its asset threshold to \$2500 for reporting purposes.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 this statement for some items that will only result in cash flows in future fiscal periods.

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Fund Financial Statements

The Fund Financial Statements focus on individual parts of Frontenac's revenues and expenditures, reporting the City's operations in more detail than the Government-wide 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 of Frontenac uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Frontenac can be divided into two categories of governmental and fiduciary funds.

Utilizing the fund financial statements to compare with information in the government-wide financial statements, readers can better understand the long-term impacts of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance reconcile to facilitate the comparison. The fund financial statements are located on pages 13 - 17.

The City of Frontenac maintains four governmental funds and adopts a separate annual appropriated budget for each fund. Information is presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Fund, Capital Improvement Fund and Parks and Stormwater Fund since they are considered major funds. The General Fund statements illustrate the expenses used to afford the day-to-day operations of the City, such as fire protection and public safety. The Road and Bridge Fund is specifically used for the maintenance and custodial services of the City's roadways. The Capital Improvement Fund is used to purchase vehicles, infrastructure improvements and other large scale improvements. Meanwhile, the Parks and Stormwater Fund monies will fund future stormwater repairs and improvements.

The City of Frontenac adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided later in the audit report to demonstrate the General Fund's compliance with this budget.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support City programs.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements are located on pages 18 - 32.

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Required and Additional Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required and additional supplementary information that can be found on pages 33 - 42 of this report.

Government-wide Financial Analysis

The Government-wide statements report information as a whole, using accounting methods similar to those used by private-sector companies. As noted earlier, net assets over time serve as a useful indicator of a government's financial position. This is the second year that the City has presented financial statements as required by the Governmental Accounting Standards Board – Statement Number 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; therefore, a comparative analysis of government-wide data is available for the first time under the GASB 34 model.

At the end of the 2004-2005 fiscal year, the City of Frontenac's assets exceeded liabilities by \$11,628,388. Net Assets resulting from the City's governmental activities increased \$1,338,987, or 13.01%, since June 30, 2004.

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current and other assets | \$ 9,719,278 | \$ 8,575,287 |
| Capital assets | <u>2,449,904</u> | <u>2,416,238</u> |
| Total Assets | <u>12,169,182</u> | <u>10,991,525</u> |
| Liabilities | | |
| Long-term obligations | 112,591 | 197,076 |
| Other liabilities | <u>428,203</u> | <u>494,897</u> |
| Total Liabilities | <u>540,794</u> | <u>691,973</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 2,449,904 | 2,351,087 |
| Restricted | 3,637,337 | 3,211,622 |
| Unrestricted | <u>5,541,147</u> | <u>4,726,692</u> |
| Total Net Assets | <u>\$11,628,388</u> | <u>\$10,289,401</u> |

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Changes in Net Assets

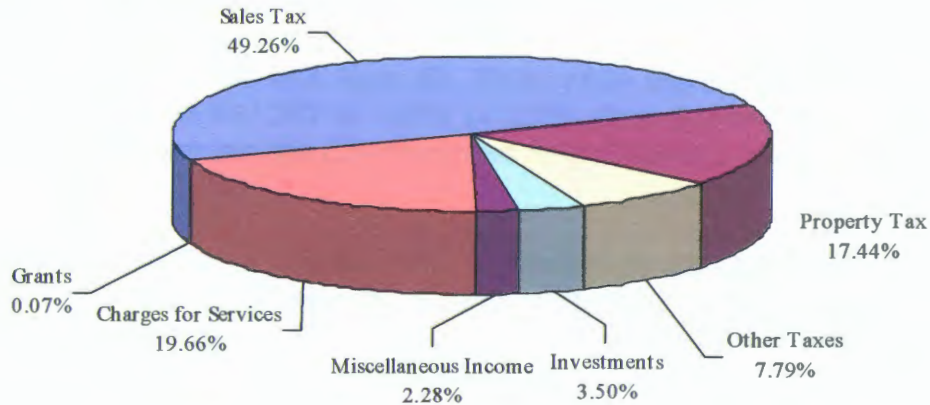
The City's total revenue on a Government-wide basis was \$6,666,237. Sales taxes represented the largest source of income, totaling \$3,283,555, or 49.26%; while property taxes totaled \$1,162,779, or 17.44%; and other taxes, investment income, charges for services, operating grants and miscellaneous revenues make up the remaining \$2,219,903 of income, or 33.30%.

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|-------------------------------|----------------------|----------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 1,310,938 | \$ 1,157,025 |
| Operating grants | 4,540 | 2,000 |
| General revenues: | | |
| Sales taxes | 3,283,555 | 2,928,538 |
| Property taxes | 1,162,779 | 958,241 |
| Other taxes | 519,274 | 521,963 |
| Investment income | 233,397 | 173,264 |
| Miscellaneous | <u>151,754</u> | <u>128,988</u> |
| Total Revenues | <u>6,666,237</u> | <u>5,870,019</u> |
| Expenses | | |
| Administration | 377,819 | 585,446 |
| Boards and commissions | 98,944 | 112,844 |
| Building department | 153,482 | -- |
| Fire department | 1,233,110 | 1,451,722 |
| Legal department | 154,725 | 138,456 |
| Municipal buildings | 134,198 | 165,100 |
| Municipal court | 123,555 | 76,644 |
| Police department | 2,150,928 | 2,497,664 |
| Public works | <u>900,489</u> | <u>835,047</u> |
| Total Expenses | <u>5,327,250</u> | <u>5,862,923</u> |
| Change in net assets | 1,338,987 | 7,096 |
| Net assets, beginning of year | <u>10,289,401</u> | <u>10,282,305</u> |
| Net assets, end of year | <u>\$11,628,388</u> | <u>\$10,289,401</u> |

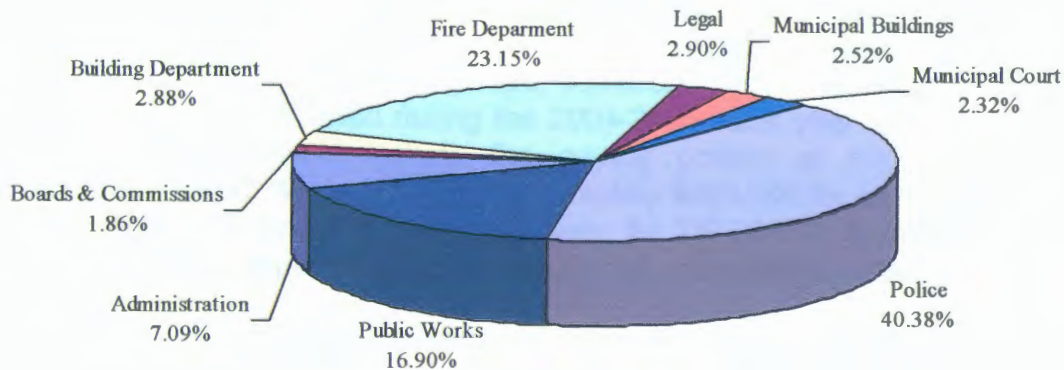
CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Fiscal Year 2004-2005 - Revenues by Source



Fiscal Year 2004-2005 - Expenses by Department



Governmental Funds Financial Analysis

As of June 30, 2005, the City's governmental funds had a combined fund balance of \$9,283,125, an increase of \$1,166,269 since June 30, 2004. \$3,635,876 of the City's current fund balance is considered reserved or can only be used for specified funding, including \$15,010 for law enforcement training, \$45,468 for the City's Sewer Lateral Program, (\$1,479) for road maintenance and \$3,576,859 for capital projects. The remaining \$5,647,267 in fund balance is unreserved and available for general spending at the City's discretion.

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Governmental Funds Financial Analysis (continued)

The City's General Fund is the primary operating fund of the City and with the exception of monies sanctioned for law enforcement training, is comprised of entirely of unreserved funds. The General Fund's unreserved fund balance grew 15.13%, or \$742,033, between June 30, 2004 and June 30, 2005; while the current General Fund unreserved fund balance of \$5,647,267 is 108% of 2005-2006 General Fund budgeted expenditures, or enough to maintain the City at current fund expenditure levels for thirteen months.

The Road and Bridge Fund fund balance decreased by \$35,356 to (\$1,479). In existence since the 1996-1997 fiscal year, the Road and Bridge Fund has migrated to an operating account for the City's Street Department, while increasingly becoming reliant on budgeted operating fund transfers from the General Fund to maintain a positive fund balance. As a result, the Board of Alderman, as well as the Ways and Means Committee and the Finance Officer, is considering combing Road and Bridge Fund expenditures and revenues into the General Fund. This combination will not only aid in the City's efforts to organize its operating accounts under one fund, but will also further efforts to maintain state financial compliance.

The Capital Improvement Fund revenues exceeded expenditures by \$239,021, increasing the fund balance to \$3,401,244 as of June 30, 2005. While revenues were \$54,697 in excess of the final budgeted levels, numerous high-dollar projects that were either not initiated or not completed during the 2004-2005 fiscal year spurred the fund's high surplus. These projects include the paving portion of the Clayton Road Rehabilitation, which began August 2005; approximately \$325,000 for stormwater control; \$150,000 for roadway engineering; approximately \$1,330,000 in Municipal Complex repairs, including a Police department carport and an oil and water separator.

The Parks and Stormwater Fund receives its funding from a half-cent sales tax that was approved by over 65% of the residents in November 2004. After the mandatory waiting period, the City began collecting taxes in April 2005 and because no funds were budgeted, as June 30, 2005 the City has incurred no related expenses. Tax collections and interest income as of June 30, 2005 totaled \$221,083.

Capital Assets

On June 30, 2005, the City had \$3,341,850 invested in a variety of capital assets, including land, buildings, vehicles, operational equipment and infrastructure. Accumulated depreciation of these assets as of June 30, 2005 was \$891,946.

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Capital Assets (continued)

| | <u>June 30, 2005</u> | <u>June 30, 2004</u> |
|---|-------------------------|-------------------------|
| Land | \$ 26,900 | \$ 26,900 |
| Construction in progress | 89,111 | 18,472 |
| Buildings and other improvements | 526,495 | 529,927 |
| Office furniture and equipment | 34,797 | 46,476 |
| Machinery and equipment | 625,761 | 558,824 |
| Infrastructure | <u>1,146,840</u> | <u>1,170,488</u> |
| Net Capital Assets, After Depreciation | <u>\$ 2,449,904</u> | <u>\$ 2,351,087</u> |

This past fiscal year's major asset additions included:

- ✦ A new American Le France Fire Engine
- ✦ New Police Department patrol cars, a new Public Works Truck and a new Building Commissioner vehicle
- ✦ An ADA accessible entrance to City Hall

Additional capital assets information can be found in Note 3 on page 28 of this report.

Economic Factors and Next Year's Budget Information

- ✦ The 2005-2006 Budget was prepared with the anticipation of property and real estate tax rates decreasing slightly; however because of reassessment and inflation the City is anticipating a 3.5% increase in property tax receipts.
- ✦ The City is predicting that demand for high-end retail goods will continue to rise, despite increasing fuel prices and rising interest rates; as a result, sales tax collection is anticipated to increase approximately 2.0% with General Fund receipts expected to reach \$2,175,450.
- ✦ During the 2005-2006 fiscal year the City will create two new positions, a City Administrator and an Administrative Clerk to assist the Public Works and Building Departments. Additionally, as of April 2005 the Board of Aldermen and the Mayor no longer receive monthly stipends.

CITY OF FRONTENAC, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Economic Factors and Next Year's Budget Information (continued)

- ✦ The 2005-2006 fiscal year marks the City's first expenditures from its new Parks & Stormwater Fund, including nearly \$750,000 directly earmarked for stormwater engineering, design and construction.

Requests for Additional Financial Information

This financial report is designed to provide a general overview for everyone with a concerned interest in the City of Frontenac'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 ASSETS
JUNE 30, 2005

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| -- ASSETS -- | |
| Cash and cash equivalents..... | \$ 8,791,074 |
| Accounts receivable, net: | |
| Municipal taxes..... | 649,337 |
| Intergovernmental..... | 22,873 |
| Municipal court..... | 11,954 |
| Cash - restricted..... | 244,040 |
| Capital assets, net of accumulated depreciation..... | <u>2,449,904</u> |
| TOTAL ASSETS..... | <u>\$ 12,169,182</u> |
| -- LIABILITIES -- | |
| Accounts payable..... | \$ 89,175 |
| Wages payable..... | 94,702 |
| Payroll withholdings..... | 286 |
| Escrow funds payable..... | 244,040 |
| Noncurrent liabilities: | |
| Due within one year..... | 112,591 |
| Due in more than one year..... | <u>-</u> |
| Total Liabilities..... | <u>540,794</u> |
| -- NET ASSETS -- | |
| Invested in capital assets, net of related debt..... | 2,449,904 |
| Restricted for: | |
| Capital projects..... | 3,576,859 |
| Sewer lateral repair projects..... | 45,468 |
| Law enforcement training..... | 15,010 |
| Unrestricted | <u>5,541,147</u> |
| Total Net Assets..... | <u>11,628,388</u> |
| TOTAL LIABILITIES AND NET ASSETS..... | <u>\$ 12,169,182</u> |

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|---------------------|--------------------------------------|--|--|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities |
| Governmental Activities: | | | | | |
| Administration..... | \$ 377,819 | \$ 350,601 | \$ - | \$ - | (27,218) |
| Board and commissions..... | 98,944 | - | - | - | (98,944) |
| Building department..... | 153,482 | 125,864 | - | - | (27,618) |
| Fire department..... | 1,233,110 | 101,241 | - | - | (1,131,869) |
| Legal department..... | 154,725 | - | - | - | (154,725) |
| Municipal building..... | 134,198 | - | - | - | (134,198) |
| Municipal court..... | 123,555 | - | - | - | (123,555) |
| Police department..... | 2,150,928 | 695,865 | 4,540 | - | (1,450,523) |
| Public works..... | 900,489 | 37,367 | - | - | (863,122) |
| TOTAL GOVERNMENTAL ACTIVITIES..... | \$ 5,327,250 | \$ 1,310,938 | \$ 4,540 | \$ - | (4,011,772) |

General Revenues:

Taxes:

| | |
|--|-----------|
| Property, levied for general purposes..... | 973,051 |
| Property, levied for road and bridge..... | 189,728 |
| Sales..... | 3,283,555 |
| Utilities..... | 360,696 |
| Intergovernmental..... | 158,578 |
| Investment Income..... | 233,397 |
| Miscellaneous..... | 151,754 |

TOTAL GENERAL REVENUES..... 5,350,759

CHANGE IN NET ASSETS..... 1,338,987

NET ASSETS, BEGINNING OF YEAR, RESTATED.. 10,289,401

NET ASSETS, END OF YEAR..... \$ 11,628,388

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005**

| | Major Funds | | | | Total Governmental Funds |
|---|---------------------|--------------------|------------------------|-------------------------|--------------------------------|
| | General | Road and Bridge | Capital Improvement | Parks and Stormwater | |
| -- ASSETS -- | | | | | |
| Cash and cash equivalents..... | \$ 5,341,659 | \$ 125,880 | \$ 3,249,224 | \$ 74,311 | \$ 8,791,074 |
| Accounts receivable, net: | | | | | |
| Municipal taxes..... | 374,755 | 287 | 127,523 | 146,772 | 649,337 |
| Intergovernmental..... | 22,873 | - | - | - | 22,873 |
| Municipal court..... | 11,954 | - | - | - | 11,954 |
| Cash - restricted..... | 244,040 | - | - | - | 244,040 |
| Due from other funds..... | 121,253 | - | 37,367 | - | 158,620 |
| TOTAL ASSETS..... | \$ 6,116,534 | \$ 126,167 | \$ 3,414,114 | \$ 221,083 | \$ 9,877,898 |
| -- LIABILITIES AND FUND BALANCES -- | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable..... | \$ 75,943 | \$ 362 | \$ 12,870 | \$ - | \$ 89,175 |
| Wages payable..... | 88,671 | 6,031 | - | - | 94,702 |
| Payroll withholdings..... | 286 | - | - | - | 286 |
| Deferred revenues..... | 7,950 | - | - | - | 7,950 |
| Due to other funds..... | 37,367 | 121,253 | - | - | 158,620 |
| Escrow funds payable..... | 244,040 | - | - | - | 244,040 |
| Total Liabilities..... | 454,257 | 127,646 | 12,870 | - | 594,773 |
| FUND BALANCES: | | | | | |
| Reserved for: | | | | | |
| Law enforcement training..... | 15,010 | - | - | - | 15,010 |
| Sewer lateral..... | - | - | 45,468 | - | 45,468 |
| Unreserved: | | | | | |
| General Fund..... | 5,647,267 | - | - | - | 5,647,267 |
| Special Revenue Fund..... | - | (1,479) | - | - | (1,479) |
| Capital Projects Fund..... | - | - | 3,355,776 | 221,083 | 3,576,859 |
| Total Fund Balances..... | 5,662,277 | (1,479) | 3,401,244 | 221,083 | 9,283,125 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 6,116,534 | \$ 126,167 | \$ 3,414,114 | \$ 221,083 | \$ 9,877,898 |

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total Fund Balance - Governmental Funds..... \$ 9,283,125

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,341,850 and the accumulated depreciation is \$891,946..... 2,449,904

Property taxes assessed by the City, but not collected within 60 days of year end, are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide statements..... 7,950

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities within the fund financial statements. All liabilities are reported in the government-wide statement of net assets. Long-term liabilities at year-end consist of:

Compensated absences..... (112,591)

Total Net Assets - Governmental Activities..... \$ 11,628,388

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Major Funds | | | | Total Governmental Funds |
|---|---------------------|--------------------|------------------------|-------------------------|--------------------------------|
| | General | Road and Bridge | Capital Improvement | Parks and Stormwater | |
| REVENUES: | | | | | |
| Municipal taxes..... | \$ 3,586,691 | \$ 189,728 | \$ 820,620 | \$ 220,575 | \$ 4,817,614 |
| Intergovernmental..... | 158,578 | - | - | - | 158,578 |
| Licenses..... | 350,601 | - | - | - | 350,601 |
| Police and fire protection..... | 202,482 | - | - | - | 202,482 |
| Police fines..... | 594,624 | - | - | - | 594,624 |
| Investment income..... | 139,289 | 2,046 | 91,554 | 508 | 233,397 |
| Miscellaneous..... | 269,316 | 8,302 | 37,367 | - | 314,985 |
| Total Revenues..... | <u>5,301,581</u> | <u>200,076</u> | <u>949,541</u> | <u>221,083</u> | <u>6,672,281</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Administration..... | 363,018 | - | - | - | 363,018 |
| Board and commissions..... | 98,944 | - | - | - | 98,944 |
| Building department..... | 147,902 | - | - | - | 147,902 |
| Fire department..... | 1,210,712 | - | - | - | 1,210,712 |
| Legal department..... | 154,725 | - | - | - | 154,725 |
| Municipal building..... | 102,134 | - | - | - | 102,134 |
| Municipal court..... | 120,319 | - | - | - | 120,319 |
| Police department..... | 2,108,604 | - | - | - | 2,108,604 |
| Public works..... | 229,302 | 250,432 | 352,795 | - | 832,529 |
| Capital outlay..... | - | - | 380,410 | - | 380,410 |
| Total Expenditures..... | <u>4,535,660</u> | <u>250,432</u> | <u>733,205</u> | <u>-</u> | <u>5,519,297</u> |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES..... | <u>765,921</u> | <u>(50,356)</u> | <u>216,336</u> | <u>221,083</u> | <u>1,152,984</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | - | 15,000 | 9,400 | - | 24,400 |
| Proceeds from disposal of capital assets..... | - | - | 13,285 | - | 13,285 |
| Transfers out..... | (24,400) | - | - | - | (24,400) |
| Total Other Financing Sources (Uses)..... | <u>(24,400)</u> | <u>15,000</u> | <u>22,685</u> | <u>-</u> | <u>13,285</u> |
| NET CHANGE IN FUND BALANCES..... | 741,521 | (35,356) | 239,021 | 221,083 | 1,166,269 |
| FUND BALANCES, | | | | | |
| BEGINNING OF YEAR, RESTATED..... | <u>4,920,756</u> | <u>33,877</u> | <u>3,162,223</u> | <u>-</u> | <u>8,116,856</u> |
| FUND BALANCES, END OF YEAR..... | <u>\$ 5,662,277</u> | <u>\$ (1,479)</u> | <u>\$ 3,401,244</u> | <u>\$ 221,083</u> | <u>\$ 9,283,125</u> |

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net Change in Fund Balances - Total Governmental Funds..... \$ 1,166,269

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|--|------------------|---------|
| Capital asset purchases..... | 287,832 | |
| Additions to construction in progress..... | 18,472 | |
| Depreciation expense..... | <u>(178,184)</u> | |
| Total..... | | 128,120 |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

| | |
|-------------------------------------|----------|
| Deferred property tax revenues..... | (10,584) |
|-------------------------------------|----------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The net effect of these differences is as follows:

| | |
|---------------------------|--------|
| Compensated absences..... | 84,485 |
|---------------------------|--------|

In the Statement of Activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these assets. The amounts are as follows:

| | |
|--|-----------------|
| Proceeds from the disposition of capital assets..... | (13,285) |
| Loss on disposal of capital assets..... | <u>(16,018)</u> |

Change in Net Assets of Governmental Activities..... \$ 1,338,987

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND TYPES - AGENCY FUND
JUNE 30, 2005

ASSETS:

Cash - restricted..... \$ 40,433

LIABILITIES:

Appearance bonds outstanding..... 40,433

NET ASSETS..... \$ -

See accompanying notes to the basic financial statements

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. 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 accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City defines its financial reporting entity in accordance with Accounting Standards Board Statements No. 14 and No. 39. Criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, The City does not have any component units.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities present financial information about the City as a whole. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Government-wide Financial Statements (continued):

interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The City considers each of its funds to be major. The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the Statement of Net Assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the Statement of Activities in the government-wide financial statements.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

The following are the City's governmental major funds:

General - The General Fund is the general operating fund of the City and accounts for all activities except those required to be accounted for in another fund. All general tax revenues and other revenues that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

Road and Bridge - A Special Revenue Fund used to account for the state road and bridge tax imposed on real estate and personal property.

Capital Improvement - A Capital Projects Fund used to account for financial resources from the $\frac{1}{2}\phi$ capital improvements sales tax and sewer lateral assessments. The revenues are to be used for acquisition, construction, or maintenance of major capital facilities, capital improvement and operating equipment.

Parks and Stormwater - A Capital Projects Fund used to account for the financial resources from the $\frac{1}{2}\phi$ parks and stormwater sales tax. The revenues are to be used for parks or stormwater projects.

Fiduciary Fund Type - Agency Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The City's agency fund accounts for municipal court collections for appearance bonds.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current financial resources generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are reported. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenues are recognized in the accounting period in which they become both measurable and available. The term "available" is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the City, available generally means expected to be received within one year of the fiscal year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures for compensated absences and principal and interest on long-term debt are not recognized until due.

GASB 33 groups non-exchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The City recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated uncollectible amounts, in the period for which the taxes are levied. Imposed non-exchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

D. Cash and Cash Equivalents

Cash is comprised of the City's cash deposits with banks and petty cash funds.

Cash equivalents consist of bank repurchase agreements and are stated at cost which approximates fair value.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Allowance for Doubtful Accounts

Municipal Court receivables are shown net of an allowance for doubtful accounts of \$32,920. The City estimates that 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.

F. Capital Assets

Capital assets, which include buildings, other improvements, office furniture and equipment, machinery and equipment, and infrastructure assets (e.g. streets, sidewalks, roads, bridges and similar items) are reported in the governmental activities columns in the government-wide financial statements, net of accumulated depreciation. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

| | |
|---------------------------------------|-------|
| Buildings and other improvements..... | 10-50 |
| Office furniture and equipment | 5-10 |
| Machinery and equipment | 3-20 |
| Infrastructure | 50 |

Gains or losses from sales or retirements of capital assets are included in operations of the current period.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences

Compensated absences of the City consist of the following: accrued vacation 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 (1/2) of their current year's vacation accrual. All full-time employees, except for fire department shift personnel, accrue one day of sick leave per month of continuous service. Fire department shift personnel accrue 1/2 day (24 hour shift) for each full month of continuous services rendered. Employees may accumulate up to a maximum of 1,040 hours of sick time.

Accumulated unpaid vacation is accrued in the government-wide financial statements. A liability is recorded in the governmental fund financial statements when payment is due.

H. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivable and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet - Governmental Funds.

Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transactions and balances are eliminated in the government-wide financial statements.

The City made the following transfers in the current year:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------|---------------------|---------------|-----------------------------------|
| General Fund | Road and Bridge | \$15,000 | To reduce deficit |
| General Fund | Capital Improvement | \$ 9,400 | Proceeds of sale of capital asset |

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains insurance coverage through two insurance pools, covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims did not exceed this commercial coverage in any of the past three years.

J. Deferred Revenue

The City reports deferred revenues for property tax revenue which are not collected within sixty days following the end of the current period. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both the revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

K. Reserved Fund Balance

The City records a reserve to indicate that a portion of the fund balance is legally segregated for a specific future use.

One of the reserved fund balances used by the City represents a reserve for law enforcement training, an account used to segregate a portion of fund balance for training of police personnel. The other reserved fund balance represents accumulated sewer lateral revenue in excess of expenditures which will be used for future sewer lateral repairs.

L. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The City is governed by the deposit and investment limitations of state law. The City does not have a formal policy, however, state law authorize the following types of investments: United States Treasury Bills, Federal Agency Obligations, Obligations of Government Sponsored Corporations, Certificates of Deposits and Repurchase Agreements collateralized by government securities. During the fiscal year, the City invested all idle funds in overnight sweep accounts which the City considers cash equivalents.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

2. CASH AND CASH EQUIVALENTS (continued)

The deposits held at June 30, 2005 are as follows:

| <u>Type</u> | <u>Maturities</u> | <u>Carrying Value</u> |
|---|-------------------|------------------------|
| Deposits: | | |
| Demand deposits..... | N/A | \$9,035,113 |
| Cash on hand..... | N/A | <u>455</u> |
| Total deposits..... | | <u>\$9,035,568</u> |
| Reconciliation to financial statements: | | |
| Cash and cash equivalents..... | | \$8,791,074 |
| Cash - restricted..... | | <u>244,040</u> |
| Total | | <u>\$9,035,568</u> |

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits in financial institutions, reported as cash and cash equivalents, had a bank balance, as of June 30, 2005, of \$9,076,442 that was fully insured by depository insurance or secured with collateral held by the City's agent in the City's name.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2005, was as follows:

| | Balance July 1, 2004 | Additions and Transfers | Disposals and Transfers | Balance June 30, 2005 |
|--|----------------------------|-------------------------------|-------------------------------|-----------------------------|
| Governmental Activities: | | | | |
| Land..... | \$ 26,900 | \$ - | \$ - | \$ 26,900 |
| Construction in Progress..... | 18,472 | 87,536 | 16,897 | 89,111 |
| Total Capital Assets, Not Being Depreciated..... | 45,372 | 87,536 | 16,897 | 116,011 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and other improvements..... | 823,377 | 17,883 | 4,285 | 836,975 |
| Office furniture and equipment..... | 125,137 | 2,699 | 25,375 | 102,461 |
| Machinery and equipment..... | 987,566 | 209,888 | 93,362 | 1,104,092 |
| Infrastructure..... | 1,182,311 | - | - | 1,182,311 |
| Total Capital Assets, Being Depreciated.... | 3,118,391 | 230,470 | 123,022 | 3,225,839 |
| Less - Accumulated Depreciation For: | | | | |
| Buildings and other improvements..... | 293,450 | 19,601 | 2,571 | 310,480 |
| Office furniture and equipment..... | 78,661 | 11,684 | 22,681 | 67,664 |
| Machinery and equipment..... | 428,742 | 123,251 | 73,662 | 478,331 |
| Infrastructure..... | 11,823 | 23,648 | - | 35,471 |
| Total Accumulated Depreciation..... | 812,676 | 178,184 | 98,914 | 891,946 |
| Total Capital Assets, Being Depreciated, Net..... | 2,305,715 | 52,286 | 24,108 | 2,333,893 |
| Governmental Activities, Capital Assets, Net..... | \$ 2,351,087 | \$ 139,822 | \$ 41,005 | \$ 2,449,904 |

Depreciation was charged to functions of the City as follows:

| | |
|-------------------------|-------------------|
| Administration..... | \$ 7,703 |
| Fire..... | 47,909 |
| Municipal building..... | 7,418 |
| Police..... | 54,408 |
| Public works..... | 60,746 |
| | <u>\$ 178,184</u> |

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in October of each year based on the assessed value as of the prior January 1 for all taxable real property located within the City. Payment is due upon receipt of billing and becomes delinquent after December 31. Property taxes are billed and collected by St. Louis County (the County) and remitted by the County to the City. The City receives 98.5% of property tax collections (1/2% is paid to the St. Louis County Assessor and 1% is paid to the St. Louis County Collector for their services). The City's tax rate is \$.5330 per \$100 of assessed valuation for residential real estate, \$.5750 per \$100 of assessed valuation for commercial real estate, and \$.5530 per \$100 of assessed valuation for personal property.

The assessed valuation for property located in the City at January 1, 2004, upon which the 2004 levy was based for real and personal property, was \$161,187,047 and \$19,322,220, respectively.

5. PENSION PLAN

A. Plan Description

The City contributes to the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Section RSMo 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

5. PENSION PLAN (continued)

B. Funding Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 4.5% (general), 2.1 % (police), and .7% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2005, the City's annual pension cost of \$64,577 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and/or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit; (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2005 was 15 years.

Three-Year Trend Information

| <u>For The Plan Years Ended June 30</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---|--|--|-----------------------------------|
| 2005 | \$ 64,577 | 100% | \$ -- |
| 2004 | \$ 724,675 | 100% | \$ -- |
| 2003 | \$ 49,922 | 100% | \$ -- |

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

6. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2005 is as follows:

| | Balance June 30, 2004 | Additions | Retirements | Balance June 30, 2005 | Amount Due Within One Year |
|---------------------------|-----------------------------|------------------|-------------------|-----------------------------|-------------------------------------|
| Compensated absences..... | <u>\$197,076</u> | <u>\$200,582</u> | <u>\$ 285,067</u> | <u>\$ 112,591</u> | <u>\$ 112,591</u> |

Compensated absences will be paid from the General and the Road and Bridge funds.

7. 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 canceled. Revenue related to these leases approximated \$57,000 during the fiscal year.

8. INSURANCE POOL

The City participates in two self insurance pools, the Property and Casualty Trust of St. Louis, Inc. (PACT) and the St. Louis Area Insurance Trust (SLAIT). Membership includes other St. Louis County municipalities.

PACT provides general liability, auto liability, police professional liability, and paramedics malpractice coverages 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 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.

CITY OF FRONTENAC, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

8. INSURANCE POOL (continued)

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

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

9. PRIOR PERIOD ADJUSTMENTS

Beginning fund balances and beginning net assets were adjusted as follows:

Fund Financial Statements:

| | <u>Public Improvement Fund</u> |
|--|--|
| Fund balance, as originally reported | \$ 3,107,223 |
| To adjust for error in accounts payable | <u>55,000</u> |
| Fund Balance, Beginning of Year, Restated | <u>\$ 3,162,223</u> |

Government-Wide Financial Statements:

| | |
|--|----------------------|
| Net assets, as originally reported | \$ 10,299,552 |
| To correct beginning capital asset balances | (65,151) |
| Adjustments to governmental funds (net) .. | <u>55,000</u> |
| Net Assets, Beginning of Year, Restated | <u>\$ 10,289,401</u> |

10. SUBSEQUENT EVENT

In July 2005, the City cancelled the "Retiree Medical Coverage" which had been offered to long-term City employees electing early retirement. The cost of this program to the City was originally estimated to be approximately \$450,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Municipal taxes..... | \$ 3,334,000 | \$ 3,478,900 | \$ 3,586,691 | \$ 107,791 |
| Intergovernmental..... | 157,200 | 157,200 | 158,578 | 1,378 |
| Licenses..... | 336,685 | 352,685 | 350,601 | (2,084) |
| Police and fire protection..... | 202,500 | 202,500 | 202,482 | (18) |
| Police fines..... | 395,000 | 560,000 | 594,624 | 34,624 |
| Investment income..... | 94,000 | 120,000 | 139,289 | 19,289 |
| Miscellaneous..... | 215,615 | 272,000 | 269,316 | (2,684) |
| Total Revenues..... | 4,735,000 | 5,143,285 | 5,301,581 | 158,296 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administration..... | 372,282 | 388,256 | 363,018 | 25,238 |
| Boards and commissions..... | 124,146 | 124,146 | 98,944 | 25,202 |
| Building department..... | 178,133 | 178,133 | 147,902 | 30,231 |
| Fire department..... | 1,236,317 | 1,236,317 | 1,210,712 | 25,605 |
| Legal department..... | 100,000 | 155,800 | 154,725 | 1,075 |
| Municipal building..... | 113,000 | 113,000 | 102,134 | 10,866 |
| Municipal court..... | 113,062 | 116,812 | 120,319 | (3,507) |
| Police department..... | 2,230,782 | 2,230,782 | 2,108,604 | 122,178 |
| Public works..... | 223,500 | 230,526 | 229,302 | 1,224 |
| Capital outlay..... | - | - | - | - |
| Total Expenditures..... | 4,691,222 | 4,773,772 | 4,535,660 | 238,112 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES..... | 43,778 | 369,513 | 765,921 | 396,408 |
| OTHER FINANCING USES: | | | | |
| Transfers out..... | (70,000) | (70,000) | (24,400) | 45,600 |
| Total Other Financing Uses..... | (70,000) | (70,000) | (24,400) | 45,600 |
| NET CHANGE IN FUND BALANCE..... | (26,222) | 299,513 | 741,521 | 442,008 |
| FUND BALANCE, BEGINNING OF YEAR..... | 4,920,756 | 4,920,756 | 4,920,756 | - |
| FUND BALANCE, END OF YEAR..... | \$ 4,894,534 | \$ 5,220,269 | \$ 5,662,277 | \$ 442,008 |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Municipal taxes: | | | | |
| General sales..... | \$ 1,244,000 | \$ 1,285,000 | \$ 1,346,798 | \$ 61,798 |
| Property..... | 938,000 | 983,000 | 983,635 | 635 |
| Fire department sales..... | 424,000 | 463,900 | 482,290 | 18,390 |
| Local option sales..... | 366,000 | 385,000 | 413,272 | 28,272 |
| Utilities..... | 362,000 | 362,000 | 360,696 | (1,304) |
| Total Municipal Taxes..... | 3,334,000 | 3,478,900 | 3,586,691 | 107,791 |
| Intergovernmental: | | | | |
| Gasoline..... | 144,000 | 144,000 | 145,992 | 1,992 |
| Cigarette..... | 13,200 | 13,200 | 12,586 | (614) |
| Total Intergovernmental..... | 157,200 | 157,200 | 158,578 | 1,378 |
| Licenses: | | | | |
| Merchants..... | 328,000 | 344,000 | 341,346 | (2,654) |
| Liquor..... | 7,000 | 7,000 | 8,155 | 1,155 |
| Miscellaneous..... | 1,685 | 1,685 | 1,100 | (585) |
| Total Licenses..... | 336,685 | 352,685 | 350,601 | (2,084) |
| Police and fire protection..... | 202,500 | 202,500 | 202,482 | (18) |
| Police fines..... | 395,000 | 560,000 | 594,624 | 34,624 |
| Investment income..... | 94,000 | 120,000 | 139,289 | 19,289 |
| Miscellaneous: | | | | |
| Building permits..... | 88,000 | 125,500 | 125,864 | 364 |
| Lease income..... | 53,300 | 53,300 | 57,153 | 3,853 |
| Cable television..... | 40,000 | 40,000 | 40,881 | 881 |
| Miscellaneous..... | 34,315 | 53,200 | 45,418 | (7,782) |
| Total Miscellaneous..... | 215,615 | 272,000 | 269,316 | (2,684) |
| Total Revenues..... | \$ 4,735,000 | \$ 5,143,285 | \$ 5,301,581 | \$ 158,296 |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Administration: | | | | |
| Dues and memberships..... | \$ 1,515 | \$ 1,515 | \$ 618 | \$ 897 |
| Insurance..... | 71,800 | 76,015 | 76,015 | - |
| Legal and professional..... | 24,500 | 47,500 | 40,139 | 7,361 |
| Maintenance and repair..... | 6,600 | 5,385 | 3,981 | 1,404 |
| Meetings and seminars..... | 4,050 | 2,050 | 1,631 | 419 |
| Mileage reimbursement..... | 500 | 500 | 470 | 30 |
| Miscellaneous..... | 4,000 | 4,000 | 3,324 | 676 |
| Office supplies..... | 5,000 | 5,000 | 4,892 | 108 |
| Postage..... | 11,000 | 11,000 | 10,402 | 598 |
| Printing and publishing..... | 14,500 | 11,500 | 10,110 | 1,390 |
| Salaries and benefits..... | 227,317 | 222,291 | 211,316 | 10,975 |
| Training and education..... | 1,500 | 1,500 | 120 | 1,380 |
| Total Administration..... | 372,282 | 388,256 | 363,018 | 25,238 |
| Boards and commissions: | | | | |
| Court reporter..... | 1,000 | 1,000 | 1,415 | (415) |
| Dues and memberships..... | 4,360 | 4,360 | 4,360 | - |
| Elections..... | 1,500 | 3,650 | 3,642 | 8 |
| Liability insurance..... | 19,435 | 20,535 | 20,543 | (8) |
| Meetings and seminars..... | 5,000 | 5,000 | 3,539 | 1,461 |
| Miscellaneous supplies..... | 800 | 800 | 345 | 455 |
| Printing and publishing..... | 5,500 | 3,350 | 2,527 | 823 |
| Salaries and benefits..... | 86,551 | 85,451 | 62,573 | 22,878 |
| Total Boards and Commissions..... | 124,146 | 124,146 | 98,944 | 25,202 |
| Building department: | | | | |
| Computer maintenance..... | 2,000 | 2,000 | 1,091 | 909 |
| Contingency funds..... | 5,000 | 5,000 | - | 5,000 |
| Dues and memberships..... | 1,000 | 1,000 | 404 | 596 |
| Meetings and seminars..... | 4,000 | 4,000 | 1,540 | 2,460 |
| Mileage reimbursement..... | 700 | 700 | - | 700 |
| Office supplies..... | 2,500 | 2,500 | 1,191 | 1,309 |
| Printing and publishing..... | 2,500 | 2,500 | 1,282 | 1,218 |
| Professional services..... | 8,000 | 8,000 | 6,132 | 1,868 |
| Salaries and benefits..... | 151,933 | 151,933 | 135,841 | 16,092 |
| Uniforms..... | 500 | 500 | 421 | 79 |
| Total Building Department..... | 178,133 | 178,133 | 147,902 | 30,231 |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| EXPENDITURES (Continued): | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Fire department: | | | | |
| Civil defense equipment..... | \$ 1,000 | \$ 1,000 | \$ 379 | \$ 621 |
| Dues and memberships..... | 4,815 | 4,815 | 4,629 | 186 |
| EMS..... | 4,275 | 4,275 | 3,687 | 588 |
| Gasoline and oil..... | 7,150 | 7,150 | 6,007 | 1,143 |
| Meetings and seminars..... | 4,475 | 4,475 | 2,646 | 1,829 |
| Mileage reimbursement..... | 1,766 | 1,766 | 1,084 | 682 |
| Miscellaneous..... | 7,700 | 7,700 | 5,344 | 2,356 |
| Physical examinations..... | 6,985 | 6,985 | 4,774 | 2,211 |
| Public relations..... | 3,000 | 3,000 | 2,977 | 23 |
| Radio maintenance..... | 2,380 | 2,380 | 2,351 | 29 |
| Salaries and benefits..... | 1,134,063 | 1,137,063 | 1,135,476 | 1,587 |
| Service contracts..... | 9,700 | 9,700 | 5,251 | 4,449 |
| Specialized training..... | 16,628 | 16,628 | 13,721 | 2,907 |
| Tires..... | 2,830 | 2,830 | - | 2,830 |
| Uniforms..... | 10,425 | 10,425 | 6,921 | 3,504 |
| Vehicle maintenance..... | 19,125 | 16,125 | 15,465 | 660 |
| Total Fire Department..... | 1,236,317 | 1,236,317 | 1,210,712 | 25,605 |
| Legal department: | | | | |
| City attorney legal services..... | 60,000 | 115,000 | 116,815 | (1,815) |
| City attorney retainer..... | 30,000 | 25,000 | 21,267 | 3,733 |
| Professional services..... | 10,000 | 15,800 | 16,643 | (843) |
| Total Legal Department..... | 100,000 | 155,800 | 154,725 | 1,075 |
| Municipal building: | | | | |
| Cleaning service..... | 20,000 | 20,000 | 13,096 | 6,904 |
| Electric..... | 22,000 | 19,000 | 17,106 | 1,894 |
| Gas..... | 7,000 | 7,000 | 6,492 | 508 |
| Maintenance and repair..... | 30,000 | 33,000 | 30,107 | 2,893 |
| Miscellaneous..... | 500 | 500 | - | 500 |
| Supplies..... | 3,000 | 3,000 | 2,970 | 30 |
| Telephone..... | 28,000 | 28,000 | 29,691 | (1,691) |
| Water and sewer..... | 2,500 | 2,500 | 2,672 | (172) |
| Total Municipal Building..... | 113,000 | 113,000 | 102,134 | 10,866 |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued): | | | | |
| Municipal court: | | | | |
| Dues and memberships..... | \$ 170 | \$ 170 | \$ 65 | \$ 105 |
| Judges retainer..... | 12,000 | 13,000 | 13,000 | - |
| Legal services..... | 14,000 | 16,500 | 22,086 | (5,586) |
| Maintenance and repair..... | 5,800 | 9,550 | 9,629 | (79) |
| Meetings and seminars..... | 1,750 | 1,750 | 1,269 | 481 |
| Mileage reimbursement..... | 300 | 300 | 139 | 161 |
| Miscellaneous..... | 1,000 | 1,000 | 467 | 533 |
| Office supplies..... | 2,500 | 2,500 | 1,573 | 927 |
| Printing..... | 4,850 | 4,850 | 5,838 | (988) |
| Prosecuting attorney retainer..... | 13,200 | 10,700 | 10,450 | 250 |
| Salaries and benefits..... | 56,292 | 56,292 | 55,803 | 489 |
| Training and education..... | 1,200 | 200 | - | 200 |
| Total Municipal Court..... | 113,062 | 116,812 | 120,319 | (3,507) |
| Police department: | | | | |
| Armory..... | 4,550 | 4,550 | 4,164 | 386 |
| Communications..... | 34,300 | 34,300 | 29,719 | 4,581 |
| Detective bureau..... | 3,400 | 3,400 | 2,438 | 962 |
| Gasoline and oil..... | 60,000 | 60,000 | 49,601 | 10,399 |
| Meetings and seminars..... | 1,800 | 1,800 | 100 | 1,700 |
| Mileage reimbursement..... | 500 | 500 | - | 500 |
| Miscellaneous..... | 3,937 | 3,937 | (53) | 3,990 |
| Office supplies..... | 8,000 | 8,000 | 6,749 | 1,251 |
| Patrol..... | 9,000 | 9,000 | 7,028 | 1,972 |
| Physical examinations..... | 4,880 | 4,880 | 80 | 4,800 |
| Prisoner detention..... | 2,675 | 2,675 | 990 | 1,685 |
| Radio maintenance..... | 4,500 | 4,500 | 216 | 4,284 |
| Salaries and benefits..... | 1,999,835 | 1,999,835 | 1,940,674 | 59,161 |
| Service contracts..... | 30,245 | 30,245 | 25,906 | 4,339 |
| Specialized training..... | 13,580 | 13,580 | 994 | 12,586 |
| Tires..... | 4,400 | 4,400 | 3,836 | 564 |
| Traffic safety unit..... | 1,200 | 1,200 | 833 | 367 |
| Uniforms..... | 22,200 | 22,200 | 15,154 | 7,046 |
| Vehicle maintenance..... | 21,780 | 21,780 | 20,175 | 1,605 |
| Total Police Department..... | 2,230,782 | 2,230,782 | 2,108,604 | 122,178 |
| Public works: | | | | |
| Trash collection..... | 223,500 | 230,526 | 229,302 | 1,224 |
| Total Expenditures..... | \$ 4,691,222 | \$ 4,773,772 | \$ 4,535,660 | \$ 238,112 |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD AND BRIDGE (SPECIAL REVENUE) FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes..... | \$ 182,000 | \$ 193,000 | \$ 189,728 | \$ (3,272) |
| Investment income..... | 1,100 | 1,100 | 2,046 | 946 |
| Miscellaneous..... | - | - | 8,302 | 8,302 |
| Total Revenues..... | 183,100 | 194,100 | 200,076 | 5,976 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Dues and memberships..... | \$ 600 | \$ 600 | \$ 64 | \$ 536 |
| Electric - street lights..... | 2,500 | 2,500 | 1,960 | 540 |
| Equipment rental..... | 7,000 | 7,000 | 2,372 | 4,628 |
| Gasoline and oil..... | 5,500 | 5,500 | 5,878 | (378) |
| Miscellaneous..... | 4,000 | 4,000 | 1,960 | 2,040 |
| Mosquito control..... | 4,500 | 4,500 | 2,579 | 1,921 |
| Paint and supplies..... | 9,500 | 9,500 | 5,371 | 4,129 |
| Professional services..... | 10,000 | 10,000 | 5,022 | 4,978 |
| Salaries and benefits..... | 196,324 | 196,324 | 191,496 | 4,828 |
| Salt/snow removal..... | 9,000 | 9,000 | 2,667 | 6,333 |
| Service contracts..... | 5,000 | 5,000 | 4,668 | 332 |
| Small tools..... | 1,500 | 1,500 | 1,106 | 394 |
| Street maintenance..... | 5,000 | 5,000 | 2,784 | 2,216 |
| Street materials..... | 8,000 | 8,000 | 5,190 | 2,810 |
| Street signs and lights..... | 4,000 | 4,000 | 690 | 3,310 |
| Tires..... | 1,000 | 1,000 | 952 | 48 |
| Traffic signals..... | 1,800 | 1,800 | 647 | 1,153 |
| Training and education..... | 1,500 | 1,500 | 40 | 1,460 |
| Uniforms..... | 3,900 | 3,900 | 2,965 | 935 |
| Vehicle equipment and repairs..... | 11,000 | 11,000 | 10,395 | 605 |
| West end park expenses..... | 7,000 | 7,000 | 1,626 | 5,374 |
| Total Expenditures..... | 298,624 | 298,624 | 250,432 | 48,192 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES..... | (115,524) | (104,524) | (50,356) | 54,168 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in..... | 70,000 | 70,000 | 15,000 | (55,000) |
| Total Other Financing Sources..... | 70,000 | 70,000 | 15,000 | (55,000) |
| NET CHANGE IN FUND BALANCE..... | (45,524) | (34,524) | (35,356) | (832) |
| FUND BALANCE, BEGINNING OF YEAR..... | 33,877 | 33,877 | 33,877 | - |
| FUND BALANCE, END OF YEAR..... | \$ (11,647) | \$ (647) | \$ (1,479) | \$ (832) |

See independent auditors' report and accompanying notes to
budgetary comparison schedules

CITY OF FRONTENAC, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2005

BUDGETS AND BUDGETARY ACCOUNTING

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

1. 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 unreserved balance at the end of such year.

For the fiscal year ended June 30, 2005, a deficit was budgeted in the Road and Bridge Fund.

2. Public hearings are conducted in the City to obtain taxpayer input and comments.
3. The budget must be adopted by the affirmative vote of a majority of the Board of Aldermen for each fiscal year.
4. 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.
5. During the year the Board of Aldermen may amend or authorize supplemental appropriations to the budget.
6. The City's legal level of budgetary control is at the fund level.
7. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF FUNDING PROGRESS - EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

The following required supplementary information relates to The City of Frontenac's participation in Missouri LAGERS, an agent multiple-employer public retirement system.

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>(a) Actuarial Value of Assets</u> | <u>(b) Entry Age Actuarial Accrued Liability</u> | <u>(b-a) Unfunded Accrued Liability (UAL)</u> | <u>(a/b) Funded Ratio</u> | <u>(c) Annual Covered Payroll</u> | <u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u> |
|---|--|--|---|-----------------------------------|---|---|
| 02/28/03 | \$7,304,944 | \$5,005,782 | \$(2,299,162) | 146% | \$2,368,637 | -- |
| 02/29/04 | 7,824,425 | 5,544,192 | (2,280,233) | 141 | 2,664,480 | -- |
| 02/28/05 | 7,647,606 | 5,785,081 | (1,862,525) | 132 | 2,892,416 | -- |

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

See accompanying independent auditors' report

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Sales taxes..... | \$ 740,000 | \$ 788,844 | \$ 820,620 | \$ 31,776 |
| Investment income..... | 70,000 | 70,000 | 91,554 | 21,554 |
| Miscellaneous..... | 36,000 | 36,000 | 37,367 | 1,367 |
| Total Revenues..... | 846,000 | 894,844 | 949,541 | 54,697 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works..... | 371,900 | 371,900 | 352,795 | 19,105 |
| Capital outlay..... | 2,954,270 | 2,954,270 | 380,410 | 2,573,860 |
| Total Expenditures..... | 3,326,170 | 3,326,170 | 733,205 | 2,592,965 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES..... | (2,480,170) | (2,431,326) | 216,336 | 2,647,662 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in..... | - | - | 9,400 | 9,400 |
| Proceeds from disposal of capital assets..... | - | - | 13,285 | 13,285 |
| Total Other Financing Sources..... | - | - | 22,685 | 22,685 |
| NET CHANGE IN FUND BALANCE..... | (2,480,170) | (2,431,326) | 239,021 | 2,670,347 |
| FUND BALANCE, BEGINNING OF YEAR, RESTATED..... | 3,107,223 | 3,107,223 | 3,162,223 | 55,000 |
| FUND BALANCE, END OF YEAR..... | \$ 627,053 | \$ 675,897 | \$ 3,401,244 | \$ 2,725,347 |

See accompanying independent auditors' report

CITY OF FRONTENAC, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
 BUDGET AND ACTUAL - PARKS AND STORMWATER FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Sales taxes..... | \$ - | \$ 50,000 | \$ 220,575 | \$ 170,575 |
| Investment income..... | - | - | 508 | 508 |
| Total Revenues..... | - | 50,000 | 221,083 | 171,083 |
| EXPENDITURES: | | | | |
| Capital outlay..... | - | - | - | - |
| Total Expenditures..... | - | - | - | - |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES..... | - | 50,000 | 221,083 | 171,083 |
| FUND BALANCE, BEGINNING OF YEAR..... | - | - | - | - |
| FUND BALANCE, END OF YEAR..... | \$ - | \$ 50,000 | \$ 221,083 | \$ 171,083 |

See accompanying independent auditors' report