



The Frontenac Ways and Means Committee, made up of investment, accounting, and business professionals who are resident volunteers, meets monthly to assist the Board of Aldermen and city administrators by providing financial insight in an effort to preserve the long-term financial health of our city. The committee reviews monthly operating results and oversees the annual budget process including a review of long-term financial projections based on revenue and expense trends. Understanding these trends and this information is important in order to maintain future financial stability.

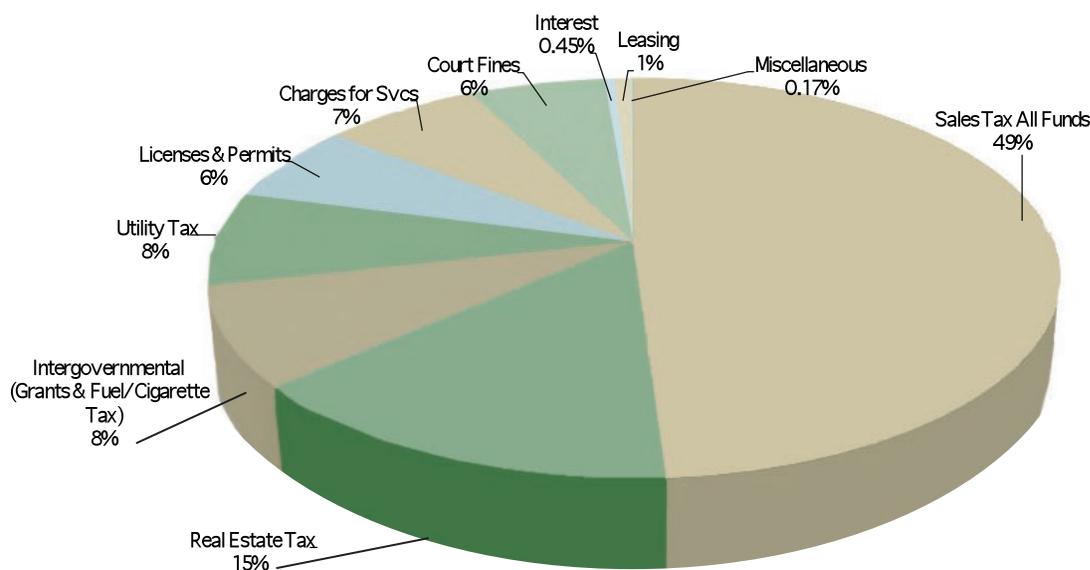
Presently, long-term financial projections for the city, with no new added retail developments or

sales tax revenues, indicate property tax increases will likely be needed within the next ten years to maintain our city's current high level of police, fire, ambulance and other services, as well as to properly maintain our streets and sidewalks. Frontenac's total property tax rate is currently lower than most neighboring communities.

Basic Facts about the City of Frontenac:

- Long-term financial sustainability of our city requires revenues to equal or exceed expenditures on a long term basis.
- Currently, sales taxes account for almost 50 percent of our city's revenues. Sources of other taxes, licenses, and fees are reflected in the chart below.

## 2013-14 REVENUE BUDGET - ALL FUNDS \$8.6M



- Of the sales taxes collected in our city, Plaza Frontenac represents 75 percent, making our city heavily reliant on one principle source of revenue. As other major retail establishments are developed throughout the St. Louis area, this important source of revenue may be impacted in the long term.
- Our city's sales tax revenue has grown on average less than 1 percent over the past 5 years. These revenues peaked in 2005-06 and have not reached that level again since. Few properties remain in Frontenac for future sales tax generating development.
- State-mandated revenue-sharing formulas require us to remit over 30 percent of our sales tax revenue to other St. Louis County municipalities. These formulas are complex and compare the per-capita sales tax revenue of the County

with the higher per-capita sales tax revenue of Frontenac. This revenue sharing percentage is likely to only increase as St. Louis City and St. Louis County consider some form of future merged operations.

- State statute (the "Hancock Amendment") limits increases in real estate property tax, so even when new real estate is added in the form of residential development, the city receives only one year's worth of additional revenue. For the last three years, this temporary real estate tax increase from new residential development has averaged only \$6,000 in a total General Fund revenue budget of approximately \$6 million. In other words, new residential or commercial development does not produce long-term property tax revenues, but does result in greater need and expense for city services.



# CITY OF FRONTENAC



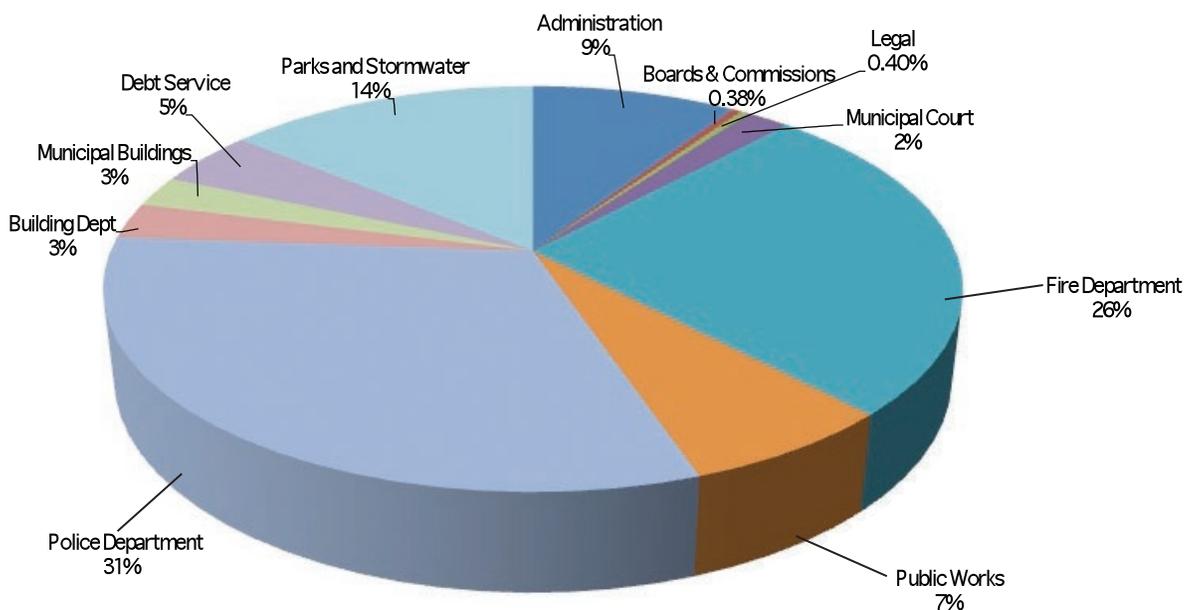
10555 Clayton Road  
Frontenac, MO 63131  
314.994.3200

Presorted Standard  
U.S. Postage  
St. Louis, MO-  
**PAID**  
Permit #4760

*Continuation of Previous Page*

- The primary ways to deliver true additional revenue are increased sales taxes (new retail development) or voter-approved property tax increases.
- Average city expenditures are projected to increase 3 percent annually with sources of expense described on the chart below. Frontenac has been able to maintain or reduce expenditures in most cases while still providing quality services. Examples of such actions include utilizing federal grants to fund capital projects, consolidating police/fire dispatch, implementing a self-insurance program for employee healthcare, and freezing longevity pay.
- Frontenac maintains a general issuer credit rating of AAA by Standard & Poor's (S&P), the highest municipal rating available, and the city is interested in maintaining this desirable financial position for years to come. This rating was achieved, in part, as a result of sound financial management and planning on the part of the city leading up to the decision to build a new city hall, replacing the costly and non-compliant older buildings that could no longer meet the city's needs. Only six cities in the state currently hold this level of credit rating.

## 2013-14 EXPENSE BUDGET BY DEPT - ALL FUNDS \$8.6M



This information is provided because we want residents to understand the unique characteristics of our city and its dependence on sales tax revenue to provide for the city's services including police, fire, and EMS/ambulance service. As members of your Ways and Means Committee, we would like our fellow residents to be similarly informed about your city's finances.

**Chairman Warren Winer**  
**Michelle Bock**  
**Mark Kiehl**

**Jane T. Rubin**  
**Richard J. Bagy Jr.**  
**John Kennedy**

**Alderman John T. O'Connell**  
**Treasurer Brian Warner**