

# City of Florissant

## 2015 Simplified Annual Financial Report



Rocky Creek Falls - Shannon County

This Simplified Annual Financial Report contains information gleaned from the City's annual audited Financial Report. It is designed to provide readers with basic financial information necessary to gain a better understanding of the financial condition of the City. The complete Financial Report is available for review on the Finance department page of the city's web site.

I trust you will find the informative contained herein both easily understandable and illuminating of the city's financial condition. Your comments and suggestions are welcome.

*Randal J. McDaniel*

Director of Finance

[www.florissantmo.co](http://www.florissantmo.co)

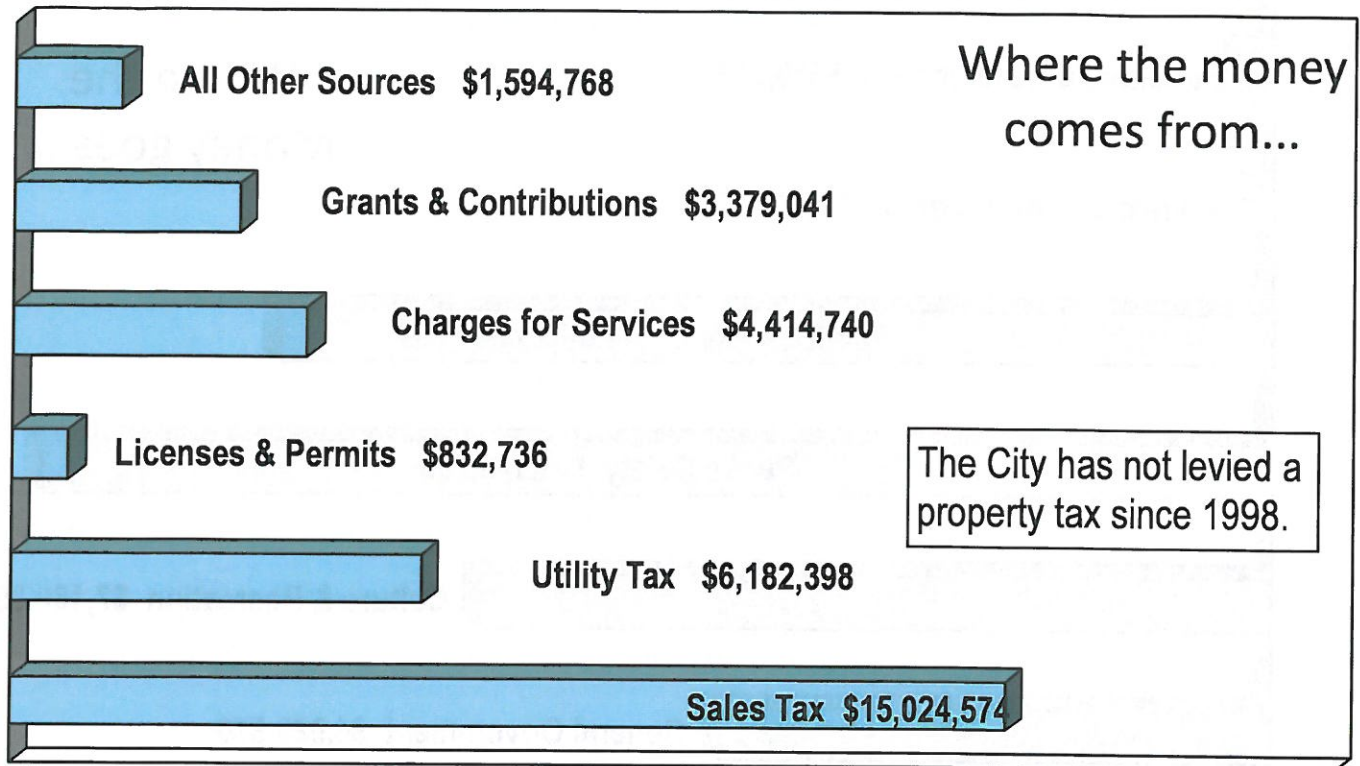
## FINANCIAL ACTIVITY STATEMENT FOR THE YEARS ENDED NOVEMBER 30, 2011 TO 2015 ALL GOVERNMENTAL FUND TYPES\*

REVENUES:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
Taxes	\$ 23,937,055	\$ 22,946,659	\$ 22,911,348	\$ 24,294,377	\$ 24,172,666
Licenses and Permits	1,198,575	1,317,322	1,245,418	1,491,579	1,342,106
Charges for Services	1,618,008	1,701,472	1,481,038	1,512,117	1,405,523
Other	1,366,523	1,258,969	1,460,865	1,383,249	1,278,242
Investment Income	99,232	24,216	20,483	17,707	46,462
Fines & Forfeitures	3,242,726	3,144,909	2,966,669	2,491,846	2,020,922
Intergovernmental	<u>2,456,300</u>	<u>757,575</u>	<u>800,746</u>	<u>663,652</u>	<u>1,180,573</u>
Total Revenues	33,918,419	31,151,122	30,886,567	31,854,527	31,446,494
<b>EXPENDITURES BY FUNCTION</b>					
General Government	4,823,360	4,389,645	4,306,123	4,859,389	4,730,623
Culture & Recreation	5,381,665	5,593,163	5,605,305	5,908,821	6,070,746
Public Safety	10,249,119	10,176,284	10,256,505	10,434,556	10,618,205
Public Works & Health	4,542,181	4,515,503	4,561,637	4,698,018	5,138,827
Economic Development	0	0	0	0	378,042
Capital Outlay	4,793,677	3,638,432	4,623,349	4,444,953	5,755,227
Debt Service	<u>3,014,019</u>	<u>1,423,757</u>	<u>1,336,193</u>	<u>1,525,267</u>	<u>1,028,501</u>
Total Expenditures	32,804,021	29,736,784	30,689,112	31,871,004	33,720,171
Issuance of Long-term Debt	7,200,000	0	0	0	0
Refunding of Long-term Debt	(5,474,200)	0	0	0	0
Insurance Proceeds	0	0	0	0	77,265
Net Change in Fund Balance	2,840,198	1,414,338	197,455	(16,477)	(2,196,412)
Fund Balance	\$ 16,936,905	\$ 18,351,243	\$ 18,548,698	\$ 18,532,221	\$ 16,335,809

\*Includes general, capital, park, sewer lateral, and other governmental funds.

Total governmental fund balance decreased \$2,196,412. The General Fund balance decreased \$618,298 to \$12,429,928, the Capital Improvement Fund balance decreased \$46,455 to \$1,732,265, the Park Improvement Fund balance increased \$202,977 to \$1,302,040.

Total revenues decreased \$408,033. Taxes, which includes cigarette, gasoline, road & bridge, sales, and utility taxes, accounted for 76.9% of all revenues. Total expenditures increased \$1,849,167. Public Safety continues to be the single largest expenditure by function with 31.5% of total expenditures.



Sales Tax: 47.8%

Includes the 1% general sales tax, ½% capital improvement sales tax and the ½% park improvement sales tax.

Utility Tax: 19.7%

The 7% utility license tax on electric, gas, telephone, and water.

Charges for Services: 14.0%

Revenue from culture and recreation, public safety, and public works and health. Culture and recreation represents fees and charges levied for the use of park facilities, recreational programs, activities, and golf course fees. Park facilities include two civic centers, three pools, an ice rink, golf course, tennis courts, theater, park pavilions, ball fields, and class and league fees. Public safety includes court fines and forfeitures. Public works and health includes property inspection fees, occupation and minimum housing fees, and building permits.

Grants and Contributions: 10.8%

Grants are funds received from various organizations to reimburse the city for the purchase of property, construction of facilities or infrastructure, remodeling or expansion of facilities, or the purchase of equipment. The city must front the money and will be reimbursed for grant related expenditures. Contributions represent revenues received that are subject to performance conditions previously specified. The city must meet certain conditions restricting the expenditures of such funds.

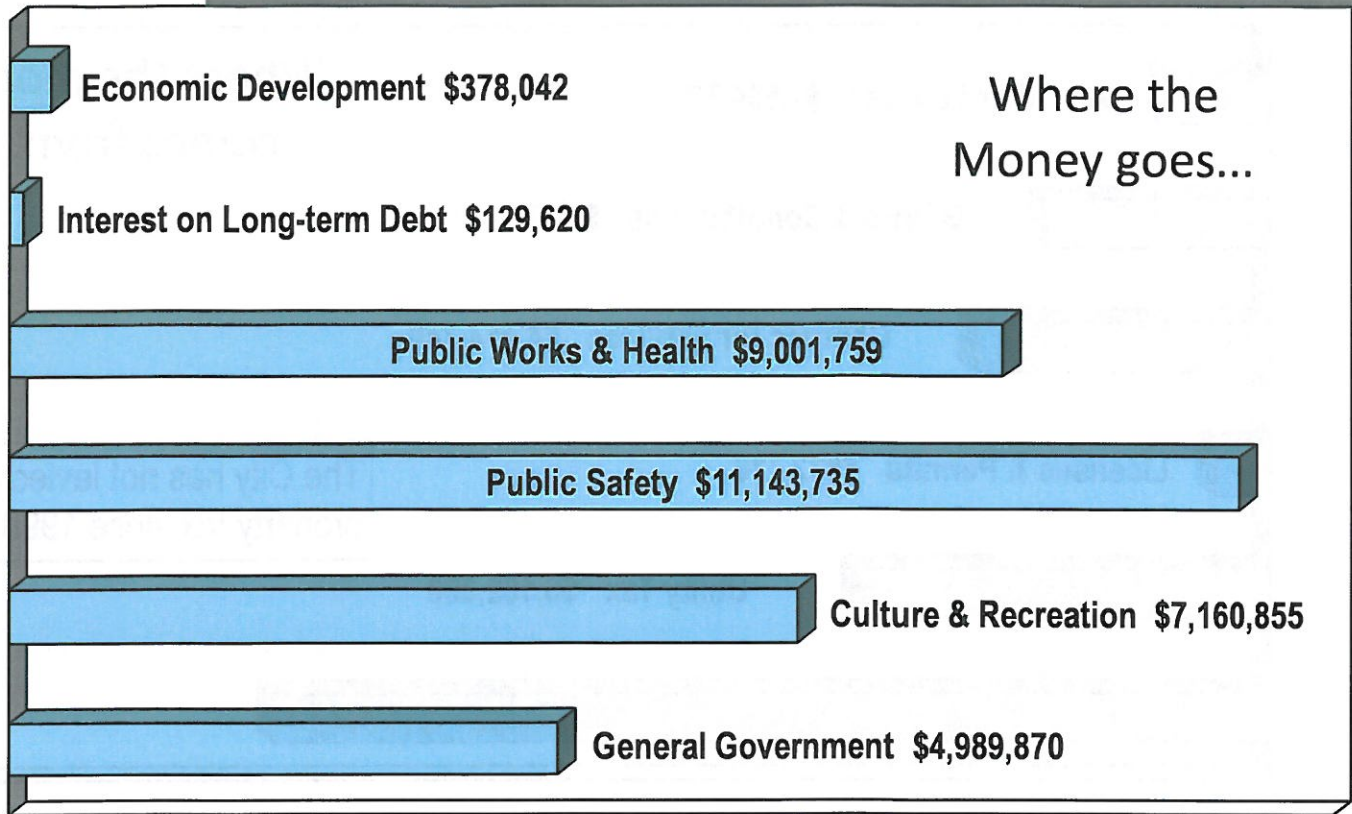
Licenses & Permits: 2.6%

Revenue generated by business licenses, liquor licenses, sign permits, and various other permits. The primary revenue source is the business license.

All Other Sources: 5.1%

Includes cable TV franchise fees, land rental fees, police reports, property maintenance payments, cigarette tax, road and bridge tax, investment income, and other sources.

\*Source: Statement of Activities



General Government: 15.2%

Expenditures relating to the City Council, City Clerk, Mayor's office, finance, purchasing, municipal court, insurance coverage, economic development, and other citywide functions.

Public Safety: 34.0%

Expenditures for the police department include administration, investigation, patrol, corrections, dispatching, and physical plant and properties.

Public Works & Health: 27.4%

Expenditures to provide services such as maintenance of streets and bridges, engineering, recycling, sewer lateral program, maintenance of housing stock, animal control, in-town bus service for seniors, property maintenance for derelict or abandoned properties, and maintenance of city buildings.

Interest on Long-term Debt: 0.4%

Interest payments for the 2011 Certificates of Participation bond issue and the 2006 Koch Plaza TIF project bond issue.

Economic Development: 1.2%

2006 Koch Plaza TIF project.

Culture & Recreation: 21.8%

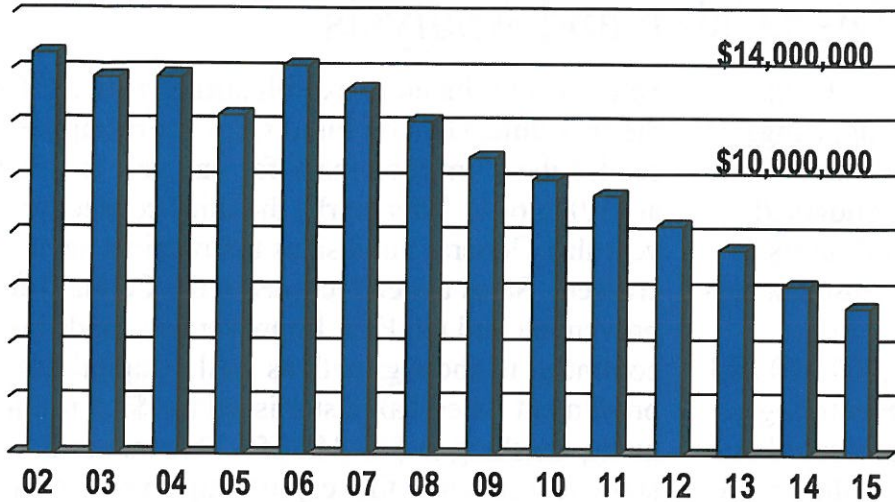
Expenditures related to parks and recreation activities including the maintenance of parks and park facilities, programs, classes, sports leagues, cultural opportunities, theater, and other activities.

Capital Assets, Net of Depreciation

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Land	4,686,268	4,686,268	5,212,268
Construction in Progress	984,198	132,470	355,669
Buildings	4,400,032	4,365,302	5,145,431
Improvements	9,052,007	9,771,040	9,676,223
Infrastructure	40,676,466	39,492,266	38,555,020
Vehicles & Equipment	<u>3,479,404</u>	<u>3,626,303</u>	<u>3,540,135</u>
Total Capital Assets	63,278,375	62,073,649	62,484,746

\*Source: Statement of Activities

Source: Note C - Notes to Financial Statements



COPS	\$4,246,264
TIF Bonds	0
Capital Lease	0
Absences	<u>1,095,039</u>
<b>Total Debt</b>	<b>\$5,341,303</b>

**COPS:** 2011 Certificates of Participation - Issued to refinance the 2002 COPS at lower interest rates and to renovate HVAC systems in various city buildings. Debt matures in 2022.

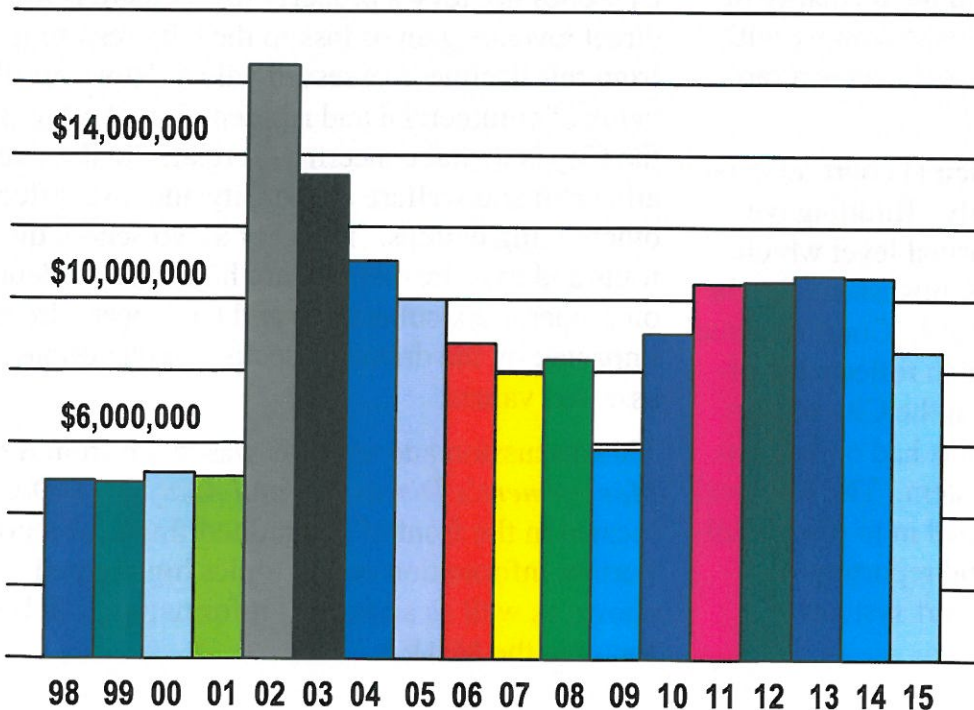
**TIF Bonds:** 2006 Tax Increment Financing - Funding for infrastructure improvements related to the Koch Plaza redevelopment. Debt was paid off in 2015.

**Absences:** Reflects the outstanding liability for the value of accumulated vacation and comp time leave. Leave balances must be used during the normal course of employment.

**Capital Lease:** The city does is not currently entered into a capital lease arrangement. Previously a capital lease had been utilized to acquire a golf cart fleet.

Source: Note D - Notes to Financial Statements

## General Fund Unassigned Fund Balance



**Municipal Court** Traffic fines and court costs as a percent of general operating revenue was 4.52%.  
  
This is well below the 12.5% threshold stipulated in RSMo 479.359.2.

The sale of the water distribution system for \$14,500,000 dramatically increased reserve balances in 2002.

The 2015 unassigned general fund balance is \$8,545,957.

Source: Balance Sheet - Governmental Funds

## 2015 Discussion and Analysis

Total 2015 General Fund revenue was down \$728,844 from 2014 due to significant swings in several funding sources. However General Fund revenue was only \$97,315 less than budgeted revenue. One of the primary contributors to the drop in revenue was utility license tax revenue which finished at \$6,202,723 or \$197,277 under the budget of \$6,400,000 and \$145,601 down from last year. Electric, gas and water receipts increased or decreased only slightly. Telephone utility tax was the primary contributor to the overall drop in utility license collections with revenue down \$210,133 from 2014.

Changes in technology have combined to create a downward, multi-year spiral in telephone revenue with receipts decreasing \$80,850 in 2012, \$134,823 in 2013, \$132,184 in 2014, and \$210,133 in 2015 for a total of \$557,990 during this four year period for an overall decline of 30.4%. The ascension of cell phone service combined with the shrinking landline market have combined with fierce competition in the cell phone market and the difficulty in getting cell phone companies to comply with utility license tax regulations to create a rapidly shrinking revenue source.

Building permits and municipal court revenue were also down significantly. Building permits fell back to a more normal level which reflects the effect of the permits issued for the Walmart development in 2014. Court revenue was down significantly which reflects the aftermath of the civil unrest in the City of Ferguson and the impact that has had on law enforcement and the court system. The Missouri State Legislature also stepped in to place additional restrictions, limits and reporting requirements on municipal court systems statewide.

Sales tax continued to exhibit strong growth. For the first time, General Fund sales tax receipts exceeded the \$8 million mark for one year to finish at \$8,025,641. This marks the third consecutive year that General Fund sales tax receipts have increased. Sales tax collections in the Capital Improvement and the Park Improvement funds both continued to show growth as well. Capital Improvement Sales Tax just missed the \$3.5 million mark, finishing at \$3,484,965. This makes the sixth year in a row that capital improvement sales tax receipts have increased. Park Improvement Sales Tax also had the best year in its history with receipts of \$3,278,362. This also makes the sixth year in a row that the park sales tax has increased.

The City's 2015 combined assessed value for real estate and personal property was \$531,103,373, which was down \$10,141,983 or 1.9% from 2014. 2015 was a re-assessment year. The assessed value of real estate continues to be a major concern. Real estate assessed values peaked in 2007 at \$579,872,410 and since that time have declined \$141,787,010 or 24.5% to \$438,085,400. The City does not levy a property tax so there is no direct revenue gain or loss to the City resulting from this decline in assessed value. However, the value of commercial and residential real estate in the City is a vital concern as it relates to the overall health and welfare of the City and does affect other taxing entities. The City's two school districts and two fire districts are highly dependent on property tax collections and have been directly impacted by the dramatic decline in real estate assessed values.

This discussion and analysis was taken from the *Management's Discussion and Analysis* (MD&A) located in the front of the audited financial report. Further information on the topics highlighted above, as well as additional information, can be found in the MD&A.