

# City of Florissant

## 2016 Simplified Annual Financial Report



**Stroup Spring House - 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.

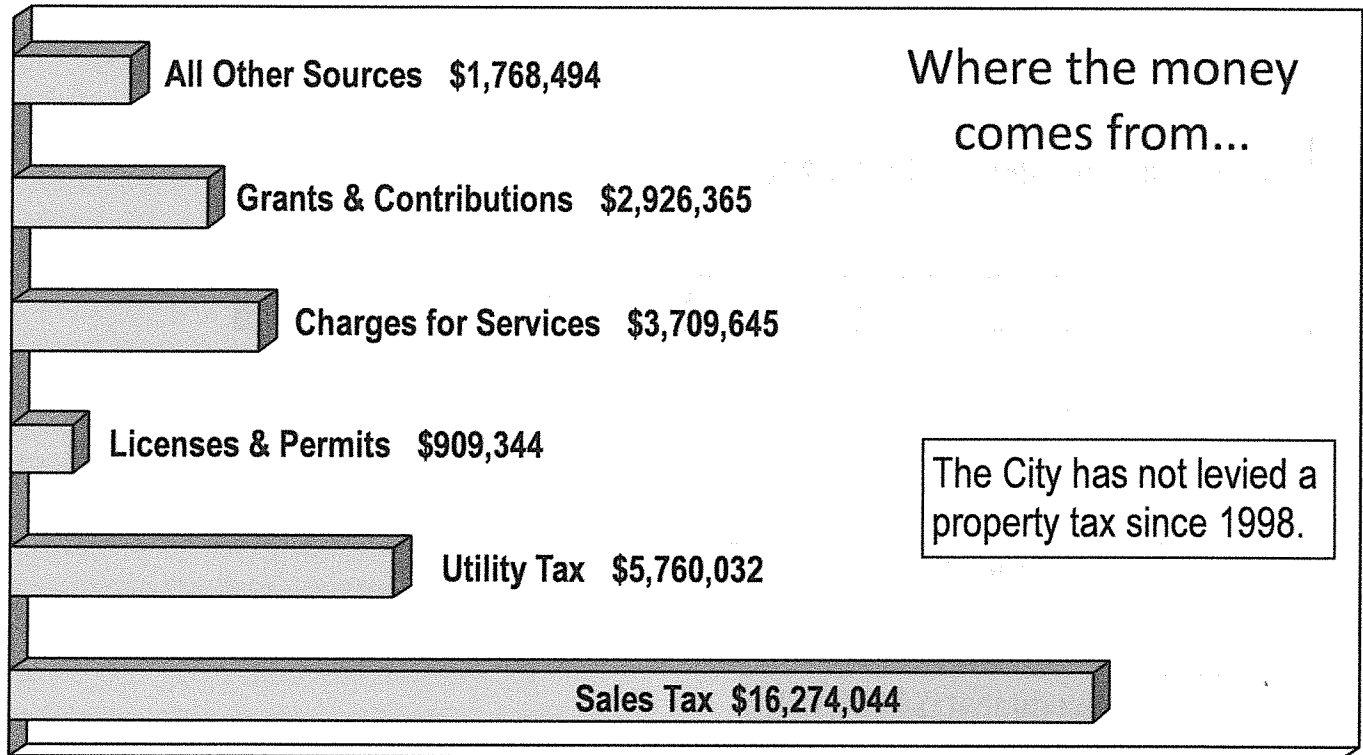
*Randal J. McDaniel*  
Director of Finance

## FINANCIAL ACTIVITY STATEMENT FOR THE YEARS ENDED NOVEMBER 30, 2012 TO 2016 ALL GOVERNMENTAL FUND TYPES\*

REVENUES:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Taxes	\$ 22,946,659	\$ 22,911,348	\$ 24,294,377	\$ 24,172,666	\$ 24,798,182
Licenses and Permits	1,317,322	1,245,418	1,491,579	1,342,106	1,472,481
Charges for Services	1,701,472	1,481,038	1,512,117	1,405,523	1,495,745
Other	1,258,969	1,460,865	1,383,249	1,278,242	1,326,040
Investment Income	24,216	20,483	17,707	46,462	57,260
Fines & Forfeitures	3,144,909	2,966,669	2,491,846	2,020,922	1,374,288
Intergovernmental	<u>757,575</u>	<u>800,746</u>	<u>663,652</u>	<u>1,180,573</u>	<u>656,893</u>
Total Revenues	31,151,122	30,886,567	31,854,527	31,446,494	31,180,889
<b>EXPENDITURES BY FUNCTION</b>					
General Government	4,389,645	4,306,123	4,859,389	4,730,623	4,767,064
Culture & Recreation	5,593,163	5,605,305	5,908,821	6,070,746	5,933,186
Public Safety	10,176,284	10,256,505	10,434,556	10,618,205	10,312,786
Public Works & Health	4,515,503	4,561,637	4,698,018	5,138,827	5,121,692
Economic Development	0	0	0	378,042	0
Capital Outlay	3,638,432	4,623,349	4,444,953	5,755,227	7,742,899
Debt Service	<u>1,423,757</u>	<u>1,336,193</u>	<u>1,525,267</u>	<u>1,028,501</u>	<u>933,025</u>
Total Expenditures	29,736,784	30,689,112	31,871,004	33,720,171	34,810,652
Issuance of Long-term Debt	0	0	0	0	0
Refunding of Long-term Debt	0	0	0	0	0
Insurance Proceeds	0	0	0	77,265	263,113
Net Change in Fund Balance	<u>1,414,338</u>	<u>197,455</u>	<u>(16,477)</u>	<u>(2,196,412)</u>	<u>(3,366,650)</u>
Fund Balance	\$ 18,351,243	\$ 18,548,698	\$ 18,532,221	\$ 16,335,809	\$ 12,969,159

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

Total governmental fund balance decreased \$3,366,650. The General Fund balance decreased \$901,420 to \$11,528,508, the Capital Improvement Fund balance decreased \$60,557 to \$1,671,708, the Park Improvement Fund balance decreased \$3,234,807 to \$(1,932,767) due to \$3,743,051 in expenses incurred for the HVAC upgrades to the James J. Eagan Civic Center. This amount was reimbursed from the proceeds of Special Obligation Bond proceeds received shortly after the close of the fiscal year. Taxes, which includes cigarette, gasoline, road & bridge, sales, and utility taxes, accounted for 79.5% of all revenues. Public Safety continues to be the largest expenditure by function with 29.6% of total expenditures.



Sales Tax: 51.9%

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

Utility Tax: 18.4%

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

Charges for Services: 11.8%

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: 9.4%

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: 2.9%

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

All Other Sources: 5.6%

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

## Where the Money goes...

**Interest on Long-term Debt \$152,760**

**Public Works & Health \$9,349,110**

**Public Safety \$10,762,079**

**Culture & Recreation \$7,021,033**

**General Government \$4,928,420**

General Government: 15.3%

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: 33.4%

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

Public Works & Health: 29.0%

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: 0.5%

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

Culture & Recreation: 21.8%

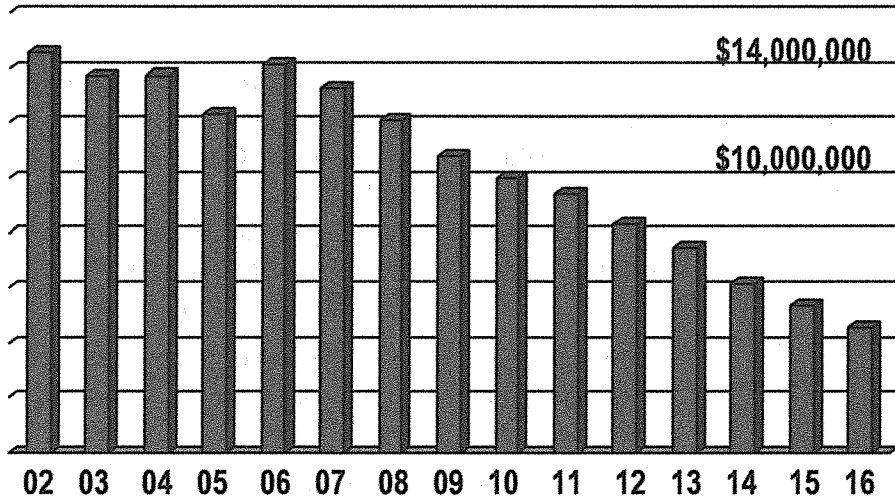
Expenditures related to parks and recreation activities including the maintenance of parks and park facilities, programs, classes, sports leagues, cultural opportunities, theater, and other activities.

### Capital Assets, Net of Depreciation

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Land	4,686,268	5,212,268	5,327,957
Construction in Progress	132,470	355,669	4,310,541
Buildings	4,365,302	5,145,431	4,934,849
Improvements	9,771,040	9,676,223	9,354,134
Infrastructure	39,492,266	38,555,020	36,926,769
Vehicles & Equipment	<u>3,626,303</u>	<u>3,540,135</u>	<u>3,608,806</u>
<b>Total Capital Assets</b>	<b>62,073,649</b>	<b>62,484,746</b>	<b>64,463,056</b>

\*Source: Statement of Activities

Source: Note C - Notes to Financial Statements



COPS	\$3,450,074
Capital Lease	0
TIF Bonds	0
Absences	1,143,642
<b>Total Debt</b>	<b>\$4,593,716</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.

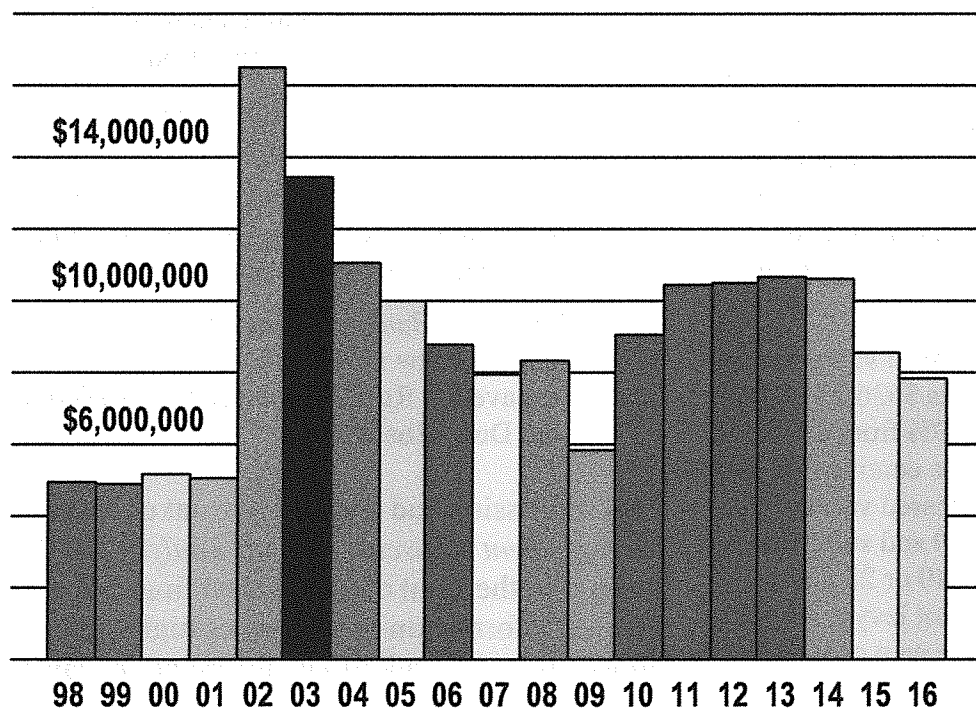
TIF Bonds: 2006 Tax Increment Financing - Funding for infrastructure improvements related to the Koch Plaza redevelopment. Debt was paid off in 2015.

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 4.78%.  
  
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 2016 unassigned general fund balance is \$7,844,726.

Source: Balance Sheet - Governmental Funds

## 2016 Discussion and Analysis

General Fund revenue was \$418,724 less than budgeted revenue. One of the primary contributors to the drop in revenue was utility license tax revenue which finished at \$5,772,997 or \$227,003 under the budget of \$6,000,000 and down \$429,726 from last year. Electric decreased \$43,961, gas decreased \$268,118, water decreased \$13,209, and telephone decreased \$104,438. Telephone utility tax continued a downward spiral with receipts decreasing \$80,850 in 2012, \$134,823 in 2013, \$132,184 in 2014, \$210,133 in 2015, and \$104,438 in 2016 for a total of \$662,428 during this five year period, a decline of 36.0%. The ascension of cell phone service and shrinking landline service have combined to rapidly shrink the telephone utility tax as a revenue source. In addition, the difficulty in getting cell phone companies to comply with utility license tax regulations has compounded the situation.

Municipal court revenue was also 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 in general. The Missouri State Legislature also stepped in to place additional restrictions, limits and reporting requirements on municipal court systems statewide.

Sales tax revenue reflected positive growth for the fourth year in a row, finishing at \$8,095,499, up \$69,858 from 2015. Sales tax collections in the Park Improvement fund continued to show growth as well, finishing at \$3,518,059, marking the seventh year in a row of positive growth. Capital Improvement Sales Tax finished at \$3,587,290.

The City's 2016 combined assessed value for real estate and personal property was \$536,233,848, which was up \$5,130,475 or 1.0% from 2015. 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 \$138,169,240 or 23.8% to \$441,703,170. 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.

The City continues to aggressively pursue redevelopment opportunities throughout the City. Recent developments include the following:

- *CVS Pharmacy* opened a second location in the City in the Florissant Meadows Shopping Center on Lindbergh Boulevard.
- *A Dollar Tree* retail store opened near the intersection of North Hwy 67 and New Halls Ferry Road.
- *Starbuck's Coffee* retail store opened at the corner of Lindbergh Boulevard and New Halls Ferry Road.
- *Popeye's Restaurant* is opening a restaurant on Lindbergh Boulevard near St. Ferdinand.
- *U-Haul Storage* is building a three story facility on Lindbergh Boulevard.
- *Dunkin Donut* is building a new facility on Lindbergh Boulevard across from Schnuck's.
- *Total Access Urgent Care* is under construction on Lindbergh Boulevard at St. Jean.
- *Irma Jeans Family Restaurant and Sport Bar* is opening in the former Deaver's location at the corner of Shackleford and Charbonier.
- *The Jewel Banquet Center* is scheduled to open in a few months in the former Yacavelli's Restaurant location at Lafayette and Dunn Roads.

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.