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City of St. Peters

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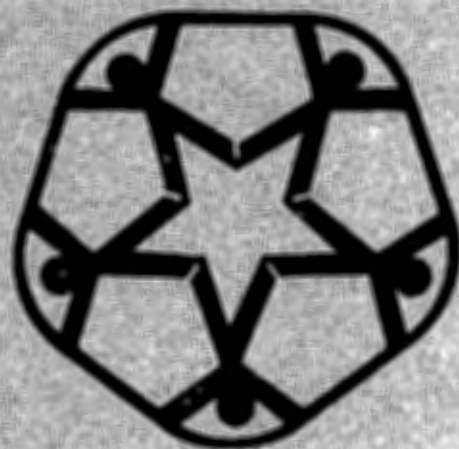
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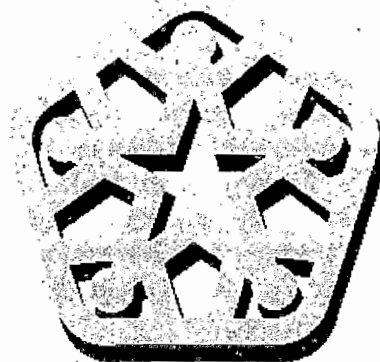
CITY OF ST. PETERS, MISSOURI

*Comprehensive Annual Financial Report
Fiscal year ended September 30, 2004*



CITY OF ST. PETERS, MISSOURI

***COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004***



Report issued by the Office of Administration

Timothy M. Wilkinson
Assistant City Administrator

Beth A. French
Director of Finance

Contents

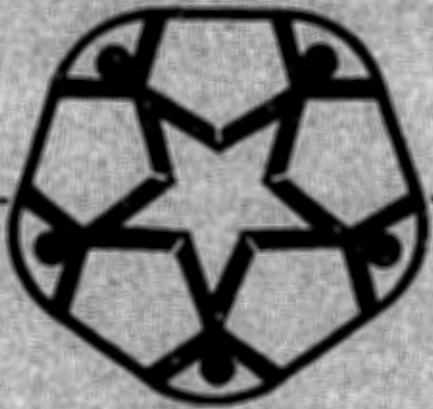
	Page
Part I - Introductory Section:	
Letter of Transmittal	i - vi
List of City Officials	vii
Organization Chart	viii
Certificate of Achievement	ix
Part II - Financial Section:	
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis - Required Supplementary Information	3 - 16
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement Of Net Assets	17
Statement Of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Assets	20
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	21
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	22
Statement Of Net Assets - Proprietary Funds	23
Statement Of Revenues, Expenses And Changes In Fund Net Assets - Proprietary Funds	24
Statement Of Cash Flows - Proprietary Funds	25
Notes To Basic Financial Statements	26 - 53
Required Supplementary Information - Budgetary Comparison Information	
Budgetary Comparison Information - Budget Basis - General Fund	54
Budgetary Comparison Information - Budget Basis - Transportation Trust Fund	55
Notes To Budgetary Comparison Information	56 - 57

Contents

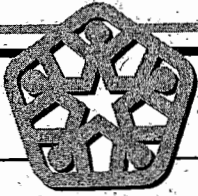
	Page
Part II - Financial Section (Continued):	
Other Supplementary Information - Combining And Individual Fund Financial Statements And Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	58
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Governmental Funds	59
Combining Balance Sheet - Nonmajor Special Revenue Funds	60
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Special Revenue Funds	61
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - Budgeted Nonmajor Governmental Funds	62 - 64
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - Debt Service Fund	65
Schedule Of Revenues, Expenses - Budget And Actual - Budget Basis - Enterprise Fund - Waterworks/Sanitary Sewer Fund - (Utility Operating Fund)	66
Schedule Of Revenues And Expenses - Budget And Actual - Budget Basis - Enterprise Fund - Solid Waste Fund	67
Schedule Of Revenues And Expenses - Budget And Actual - Budget Basis - Enterprise Fund - Central Materials Processing Facility Fund	68
Part III - Statistical Section:	
	Table
General Governmental Expenditures By Function - Budget Basis	1 69
General Governmental Revenues By Source - Budget Basis	2 70
General Governmental Tax Revenues By Source - Budget Basis	3 71

Contents

	Table	Page
Part III - Statistical Section (Continued):		
Property Tax Levies And Collections	4	72
Assessed And Estimated Actual Value Of Property	5	73
Property Tax Rates - Direct And Overlapping Governments	6	74 - 75
Ratio Of Net General Obligation Bonded Debt To Assessed Value And Net General Obligation Bonded Debt Per Capita	7	76
Ratio Of Annual Debt Service Expenditures For General Obligation Bonded Debt To Total General Governmental Expenditures	8	77
Computation Of Direct And Overlapping Bonded Debt - General Obligation Bonds	9	78
Revenue Bond Coverage - Waterworks/Sanitary Sewer Fund - Budget Basis	10	79
Principal Taxpayers	11	80
Demographic Statistics	12	81
Property Value And Construction	13	82
Miscellaneous Statistics	14	83 - 84



Part I - Introductory Section



December 6, 2004

To the Citizens of the City of St. Peters, Missouri:

The comprehensive annual financial report of the City of St. Peters, Missouri (City) for the fiscal year ended September 30, 2004, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, state statutes require an annual audit by independent certified public accountants. The accounting firm of Rubin, Brown, Gornstein, & Company LLP was retained by the City. The independent auditors' report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the financial section of this report. GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of St. Peters' MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of St. Peters, incorporated in 1910, is a fourth class city located in St. Charles County, Missouri. The City currently occupies a land area of 22.059 square miles and services a population of approximately 57,000. The City is traversed by Interstate 70 which provides direct access to St. Louis, approximately 20 miles east of the City, and to Kansas City, approximately 220 miles west of the City. Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 12 miles east of the City on Interstate 70. Commercial air service is available at two private airports within St. Charles County and at a public airport operated by St. Charles County. Barge service is available on the Mississippi River located approximately 5 miles from St. Peters. The City is served by two railroads; the Norfolk & Southern and the Burlington-Northern, and three common-carrier truck lines.

The legislative body of the City is the Board of Aldermen, which is comprised of eight aldermen and a mayor. Two aldermen are elected from each of the City's four wards and serve four-year terms. The Mayor, elected at large to serve a four-year term, is the presiding officer of the Board of Aldermen. The Mayor may vote in the event of a tie vote by the Board of Aldermen. Additionally, the Mayor has veto power. A city administrator is appointed by the Mayor with the advice and consent of the Board of Aldermen. The city administrator is the chief assistant to the Mayor and is responsible for the day-to-day management of the City's business and staff. The city administrator is also responsible for the employment and discharge of City employees under policies established by the Board of Aldermen. In addition, the City has an assistant city administrator who is appointed by the Mayor with the advice and consent of the Board of Aldermen.

The City has several advisory boards and committees composed of citizens appointed by the Mayor with the advice and consent of the Board of Aldermen. The advisory boards and committees include, among others, e-Government Advisory Committee; TIF Commissions; Personnel Review Board; the Parks, Recreation and Arts Advisory Board; Historical Commission; the Cable Advisory Board; Golf Citizens Monitoring Committee; Outpatient Surgical Treatment Center Medical Review Board; and Solid Waste Environmental Issues Advisory Board. In addition, the Mayor, with the advice and consent of the Board of Aldermen, appoints citizens to other boards and commissions which have responsibility for governmental functions relating to zoning and building codes. These boards and commissions are the Planning and Zoning Commission, the Board of Adjustment, and the Board of Appeals.

The City has approximately 501 full-time equivalent employees and provides a full range of services, including police protection; the construction and maintenance of roads, bridges and other infrastructure within the City; programs to assist low to moderate income residents; storm water control programs; and recreational activities and cultural events. In addition, the City provides water and sewer services, solid waste collection,

and operates a solid waste transfer facility and recycling center.

Annually, the City's long-range Capital Improvement Plan for the General Fund, Recreation Fund, Local Parks and Storm Water Fund, Old Town Levee Special Allocation Fund, Transportation Trust Fund, Central Materials Processing Fund, Solid Waste Fund, and Water/Sewer Fund is re-evaluated and updated. The Mayor, Board of Aldermen, City Administrator and Assistant City Administrator work together to set the goals, which are based upon input from citizens, the Mayor and Board of Aldermen and City staff, for the City of St. Peters for the upcoming fiscal year. A Capital Improvement Plan is then approved and serves as the blueprint for the preparation of future budgets.

Incorporating the Capital Improvement Plan, the City Administrator prepares an annual budget for the General, Special Revenue, and Debt Service Funds for the fiscal year commencing the following October. In addition, budgets for the Central Materials Processing, Solid Waste, and Water Sewer Funds are prepared on a basis similar to that of the general governmental funds in order to better manage these funds. Expenditures may not legally exceed appropriation at the fund level.

After a proposed budget is prepared, it is submitted to the Board of aldermen for review. The Board of Aldermen may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. Following public hearings on the proposed budget, the annual operating budgets are approved through the adoption of the budget ordinance by the affirmative vote of a majority of the members of the Board of Aldermen and approval by the Mayor on or before September 1 of the preceding budget year. If the budgets have not been passed and approved on or before the last day preceding the budget year (September 30), the budgets and appropriations for the current fiscal year shall be deemed to be re-budgeted and re-appropriated for the budget year until a new budget is adopted and approved.

The City Administrator is authorized to transfer part, or all, of any unexpended balance among any departments within a given fund. If it is determined that the original budgeted revenues and expenditures need to be increased or decreased, the Board of Aldermen may, by ordinance, make such changes in budgeted revenues and expenditures so long as the total budgeted expenditures do not exceed the amount of budgeted revenues plus beginning unencumbered fund balance. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the Board of Aldermen may, by ordinance, reduce one or more appropriations.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's Board of Aldermen. The City also

maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year-end. All encumbrances are supported by either a purchase order or a contract.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City's diversified economy and commercial growth is attributable to its transportation network, central location in the United States, and expanding resources of labor and materials. Residential growth has been considerable as an outgrowth of expanded employment opportunities in the area. At the same time, the City continues to grow as a suburban community.

The City currently has approximately 2,238 business establishments which is an increase of approximately 12% from the prior year. There are several major shopping corridors in St. Peters and the City serves as a shopping hub to surrounding communities located throughout St. Charles County. The City's retail service area encompasses an estimated 30-mile radius with a population of approximately 350,000 in the 10-mile radius immediately surrounding the City.

The largest shopping center in St. Peters, Westfield Shoppingtown Mid Rivers (the "Mall"), is also the largest shopping center in St. Charles County. The approximately 1,000,000 square feet Mall opened in 1987. The mall has four anchors including J.C. Penney, Sears, Famous Barr and Dillards.

Due to these factors, over the past the City has been able to reduce the property tax rate from \$1.85 per hundred dollars of valuation in 1970 to 85 cents per hundred dollars of valuation (58.90 cents in the General Fund and 26.10 cents in the Debt Service Fund) without cutting any City services. The assessed valuation for the City of St. Peters continues to increase and revenues received during the 2004 fiscal year were based upon \$845,567,062 of assessed valuation.

The population of St. Peters is younger than the national average and of the state of Missouri. The median age of the population in 2000 was 34.2 years compared to 36.1 years for Missouri. Approximately 37% of St. Peters' residents are under the age of 25 years. Older adults, 65 years and above, comprise 7.8% of the population.

According to statistics from the United States Bureau of Census, in 2000, the City's civilian labor force was 28,956. The total number of people that were unemployed was 619, which was an unemployment rate of 2.1%. The City's unemployment rate

compared favorably to St. Charles County which had an unemployment rate of 2.8%.

In addition, St. Peters' residents over the age of three enrolled in school totaled 15,841. The percentage of the City's adult population who graduated from high school was 91.4% and 27.2% of the population obtained a bachelor's degree or higher. This compares favorably to the State of Missouri which had a population graduated from high school of 81.3% and a population obtaining a bachelor's degree or higher of 21.6%.

Cash Management

Cash on hand during the year was invested in demand deposits, savings accounts, certificates of deposit, and obligations of the U.S. Treasury. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Most City investments are in instruments that have a maturity of less than one year. This is necessary because surplus funds must be available for the next fiscal year should the Board of Aldermen decide to appropriate these monies. All City deposits and investments are either insured by federal depository insurance, collateralized, or held by the counterparty's trust department or agent in the City's name.

Acceptable collateral are obligations of the U. S. Treasury, U. S. government agencies, State of Missouri, and local governments in Missouri with populations greater than 400,000. The City's primary investment risk is "Reinvestment Risk". This is the risk that the City's short-term investments may be reinvested at lower yields upon maturity.

Risk Management

Since July 1998 the City has had self-insurance for its general liability, property and workmen's compensation claims. The self-insurance program is administered through a structured program involving a major broker and third party claims administrator. Losses are limited through the purchase of umbrella insurance policies, which limit losses at the individual claim level and at an annual aggregate of all claims combines for a year. Prior to 1998 the City participated in a self-insurance pool with other Missouri municipalities.

OTHER INFORMATION

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Peters for our Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal

requirements. The City of St. Peters has received this prestigious award since 1991. We believe this report continues to conform to the Certificate of Achievement Program requirements. Since the Certificate of Achievement is valid for a period of one year only, we will be submitting this report to the GFOA for their review.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department and all City employees who supplied information have my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership, interest, and support of the City Administrator, the Assistance City Administrator, Mayor, and Board of Aldermen, preparation of this report would not have been possible. In addition, I commend the dedicated efforts of Rita Westerson, Accounting Manager, and the finance department personnel for their efforts in preparation of this report.

Respectfully submitted,



Beth A. French
Director of Finance

City of St. Peters Missouri

Mayor

Shawn C. Brown

Aldermen

Ward I

Terry Hawkins

John "Rocky" Reitmeyer

Ward II

Jerry Hollingsworth

David Hayes

Ward III

Len Pagano

Bruce Holt

Ward IV

Patrick Barclay

Bob Morrison

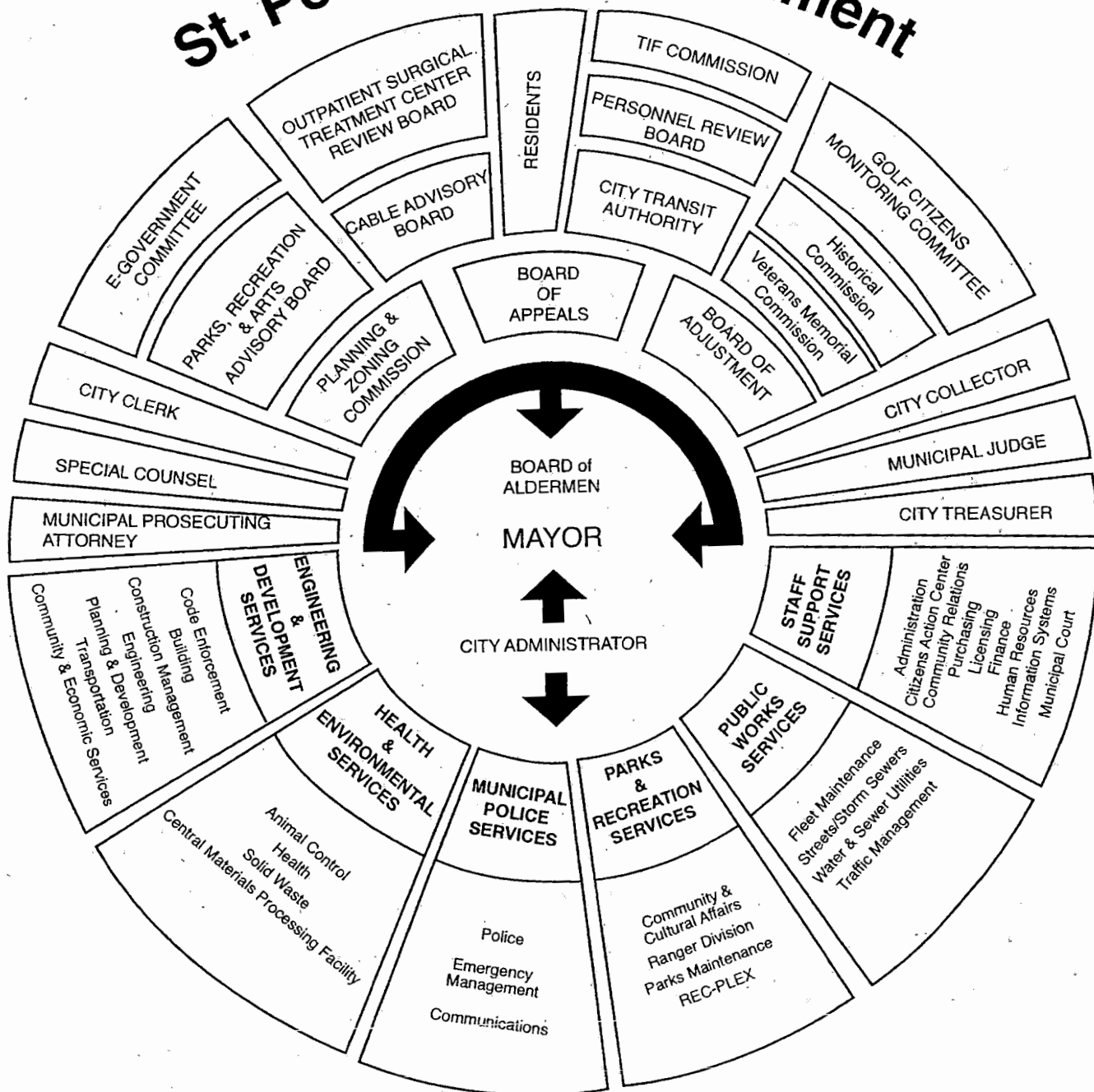
City Administrator

William P. Charnisky

Assistant City Administrator

Timothy M. Wilkinson

Organizational Structure St. Peters City Government



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Peters,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



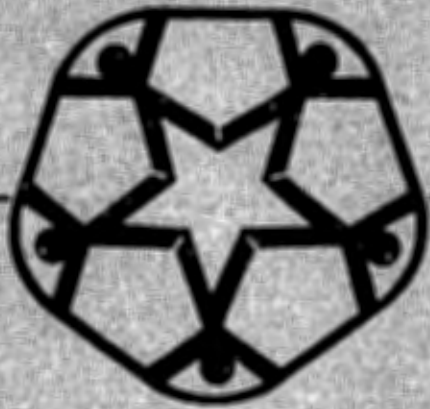
Nancy L. Zelle

President

Jeffrey R. Emery

Executive Director

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Part II - Financial Section

Rubin, Brown, Gornstein & Co. LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
St. Louis, MO 63105

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rbg@rbg.com

Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Aldermen
City of St. Peters, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Peters, Missouri, as of and for the year ended September 30, 2004, which collectively comprise the City of St. Peters, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of St. Peters, Missouri'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of St. Peters, Missouri, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and Members
of the Board of Aldermen
City of St. Peters, Missouri

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2004 on our consideration of City of St. Peters, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 16 and the Budgetary Comparison Information on pages 54 through 57, 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 an opinion on the financial statements that collectively comprise the City of St. Peters, Missouri's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules (supplementary information) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rubin, Brown, Hornstein & Co. LLP

December 6, 2004

Management's Discussion And Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of St. Peters's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on September 30, 2004. Please read this section in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities (net assets) at the end of the fiscal year by approximately \$99.8 million. Net assets is comprised of: \$58.8 million invested in capital assets, net of related debt; \$11.1 million restricted for capital projects, debt service and other purposes; \$19.3 million unrestricted and available for governmental purposes; and \$10.6 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$19.7 million over the course of this year's operations. Governmental activities increased by \$19.4 million, which includes a \$6 million adjustment for prior period construction in progress, and business-type activities increased by approximately \$326,500.
- During the fiscal year the City issued general obligation refunding bonds of \$9,520,000 (Series 2004), with interest rates ranging from 3.1% to 5.15% to advance refund the Series 2000 general obligation bonds with interest rates ranging from 4.4% to 5.4%. As a result of the advance refunding, the City reduced its total debt service requirements by \$814,427.
- During the fiscal year the Public Improvement Corporation (PIC) reported as a component unit of the City and blended as a separate enterprise fund, issued \$7,070,000 of leasehold revenue bonds (Series 2003) with interest rates ranging from 1.3% to 3.9%. The proceeds from the sale of the bonds were used to finance improvements to Laurel Park, acquire recreational facilities and improvements thereto, erosion control, watershed and basin improvements, and other storm water management related projects.
- The assessed valuation for real estate and personal property increased by over \$101 million during fiscal year 2004.
- During fiscal year 2004, the City of St. Peters reduced the property tax rate from 90 cents to 85 cents per \$100.00 of assessed valuation.
- The City of St. Peters placed \$13.3 million of infrastructure assets into service during fiscal year 2004.
- The City's recreational facility, the REC-PLEX, continued an aggressive membership campaign and consequently increased membership by over 100 passes to an all-time high of 2,004. This is significant since the General Fund has subsidized the Recreation Fund in past years, and the increased profitability allowed for the elimination of the subsidy during fiscal year 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section); the basic financial statements; required supplementary information; and an optional section that presents schedules for non-major budgeted governmental funds, budget-based schedules for enterprise activities, and statistical information for the City. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short-and long-term financial information about the activities the government operates like businesses, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure MDA-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds which are added together and presented in a single column in the basic financial statements.

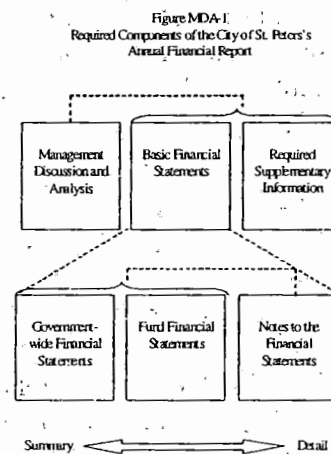


Figure MDA-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Figure MDA-2

Major Features for the City of St. Peters Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary Funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police and parks	Activities the City operates similar to private businesses: the waterworks and sanitary sewerage system, the solid waste activities, the City's transfer station and recycling facility (Central Materials Processing Facility), and the Public Improvement Corporation
Required Financial Statements	Statement of net assets	Balance Sheet	Statement of net assets
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenditures, and changes in net assets Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenue and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities*—Most of the City's basic services are included here, such as the police, public works, parks department, and general administration. Property taxes and sales taxes finance most of these activities.
- *Business-type activities*—The City charges fees to cover the costs of certain services it provides. The City's waterworks and sewerage system, solid waste collections, transfer station and recycling facility and Public Improvement Corporation are included here.

Financial Analysis Of The City As A Whole

Net Assets

The following table reflects the condensed statements of net assets as of September 30:

Table MDA-3
City of St. Peters's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current and other assets	\$ 32,911,090	\$ 31,017,188	\$ 17,149,870	\$ 22,178,344	\$ 50,060,960	\$ 53,195,532
Capital assets (net of depreciation)	56,050,398	74,770,107	44,704,072	45,947,640	100,754,470	120,717,747
Total assets	<u>88,961,488</u>	<u>105,787,295</u>	<u>61,853,942</u>	<u>68,125,984</u>	<u>150,815,430</u>	<u>173,913,279</u>
Long-term obligations	37,056,785	34,811,278	23,100,108	28,321,638	60,156,893	63,132,916
Other liabilities	7,600,249	7,244,634	2,958,884	3,682,915	10,559,133	10,927,549
Total liabilities	<u>44,657,034</u>	<u>42,055,912</u>	<u>26,058,992</u>	<u>32,004,553</u>	<u>70,716,026</u>	<u>74,060,465</u>
Net assets						
Invested in capital assets, net of related debt	17,817,073	38,538,829	19,933,025	20,257,573	37,750,098	58,796,402
Restricted	7,062,110	5,842,508	4,700,413	5,290,157	11,762,523	11,132,665
Unrestricted	19,425,271	19,350,046	11,161,512	10,573,701	30,586,783	29,923,747
Total Net Assets	<u>\$ 44,304,454</u>	<u>\$ 63,731,383</u>	<u>\$ 35,794,950</u>	<u>\$ 36,121,431</u>	<u>\$ 80,099,404</u>	<u>\$ 99,852,814</u>

As seen in Table MDA-3, the City's total assets of \$173.9 million include \$53.2 million in current and other assets and \$120.7 million in capital assets. Included in the \$74.8 million in capital assets related to governmental activities, and in accordance with GASB Statement No. 34, are assets for roads, bridges, and other governmental infrastructure assets acquired during the current fiscal. However, governmental infrastructure assets acquired during fiscal years prior to the implementation of GASB Statement No. 34 in fiscal year 2003 are not included at this time. The City will include infrastructure assets acquired during prior years in future financial statements in compliance with GASB Statement No. 34 requirements.

Assets increased during the fiscal year by \$23.1 million, of which \$20 million relates to increases in the City's capital assets. Included in the governmental activities during fiscal year 2004 are several large road projects and traffic signalization improvements along with various dedications which are discussed in greater detail in the capital assets section of this report. Current and other assets related to the business-type activities increased by approximately \$5 million, which is largely related to cash received from the leasehold revenue bond issue discussed previously that has not yet been expended.

The City's total liabilities of \$74 million include \$63.1 million that is not due or payable in the next fiscal year and \$10.9 in other liabilities. The combined governmental and business-type \$3 million dollar increase in long-term obligations is primarily related to the new bond issues discussed earlier offset by the principal payments made during the year.

Total net assets of approximately \$99.8 million is comprised of \$58.8 million invested in capital assets, net of related debt; \$11.1 million restricted for capital projects, debt service and other purposes; \$19.3 million unrestricted and available for governmental purposes and \$10.6 million unrestricted and available for the City's business-type activities.

Changes in Net Assets

The City's combined net assets increased by approximately \$13.7 million during fiscal year 2004 as a result of the activity shown in Table MDA-4.

Table MDA-4
City of St. Peters's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Revenues						
Program Revenues						
Charges for services	\$ 5,833,242	\$ 6,740,173	\$ 13,700,741	\$ 14,152,269	\$ 19,533,983	\$ 20,892,442
Operating Grants and Contributions	3,310,766	3,539,346	758,055	868,789	4,068,821	4,408,135
Capital Grants and Contributions	3,951,170	6,235,077	298,427	630,212	4,249,597	6,865,289
General Revenue						
Property Tax	8,822,830	9,422,193	-	-	8,822,830	9,422,193
Sales Tax	18,753,307	19,699,282	-	-	18,753,307	19,699,282
Other Taxes	2,692,959	2,823,306	-	-	2,692,959	2,823,306
Interest	767,316	354,629	142,102	207,395	909,418	562,024
Gain on Sale of Capital Assets	(108,304)	237,001	-	-	(108,304)	237,001
Other	1,430,292	1,198,524	-	(120,400)	1,430,292	1,078,124
Total revenues	45,453,578	50,249,531	14,899,325	15,738,265	60,352,903	65,987,796
Expenses						
General government	1,918,385	2,480,263	-	-	1,918,385	2,480,263
Administration	5,813,016	5,262,781	-	-	5,813,016	5,262,781
Police	8,586,747	8,520,256	-	-	8,586,747	8,520,256
Municipal court	294,193	324,357	-	-	294,193	324,357
Public Works	5,456,970	4,771,304	-	-	5,456,970	4,771,304
Engineering	2,012,693	2,139,381	-	-	2,012,693	2,139,381
Maintenance	878,392	799,725	-	-	878,392	799,725
Health	564,390	591,484	-	-	564,390	591,484
Parks and recreation	8,092,134	8,789,938	-	-	8,092,134	8,789,938
Community relations	807,688	855,073	-	-	807,688	855,073
Community and arts	366,784	310,754	-	-	366,784	310,754
Interest on long-term debt	2,265,041	1,983,033	-	-	2,265,041	1,983,033
Waterworks/Sanitary Sewer	-	-	7,189,717	7,944,078	7,189,717	7,944,078
Solid Waste	-	-	2,871,588	3,176,106	2,871,588	3,176,106
Public Improvement Corporation	-	-	764,809	1,149,042	764,809	1,149,042
Central Materials Processing Facility	-	-	3,528,825	3,142,558	3,528,825	3,142,558
Total expenses	37,056,433	36,828,349	14,354,939	15,411,784	51,411,372	52,240,133
Increase (decrease) in net assets	\$ 8,397,145	\$ 13,421,182	\$ 544,386	\$ 326,481	\$ 8,941,531	\$ 13,747,663

For the fiscal year ended September 30, 2004, government-wide revenues totaled \$66 million. Approximately one-third of all revenues are derived from charges from services and one-third from sales tax.

Figure MDA-5
City of St. Peters
Sources of Revenue for Fiscal Year 2004

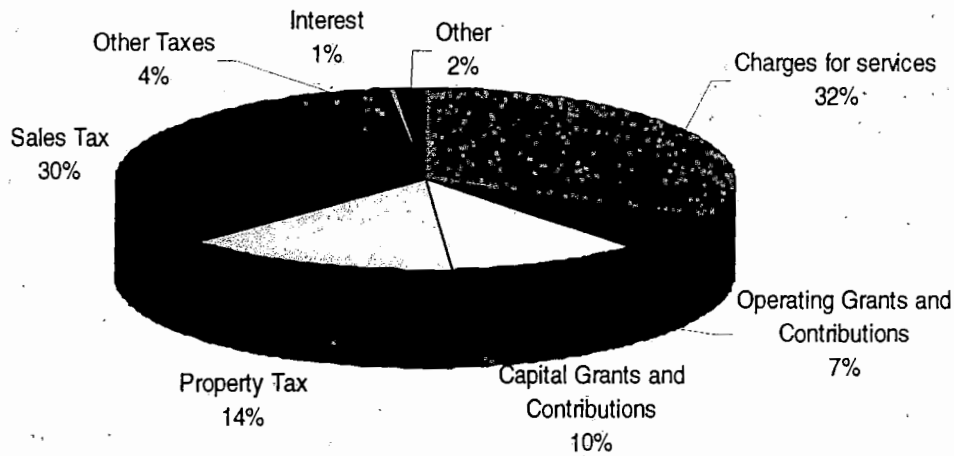
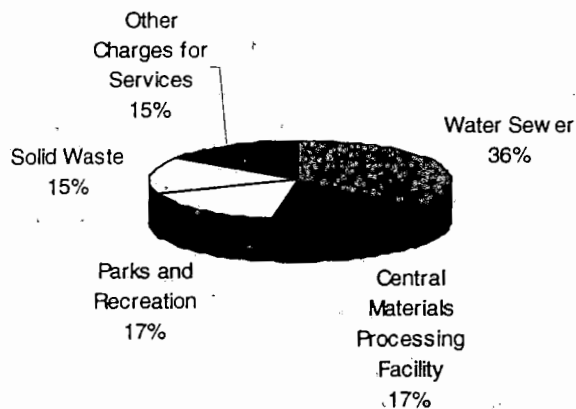


Figure MDA-6
City of St. Peters
Analysis of Charges for Services Revenue

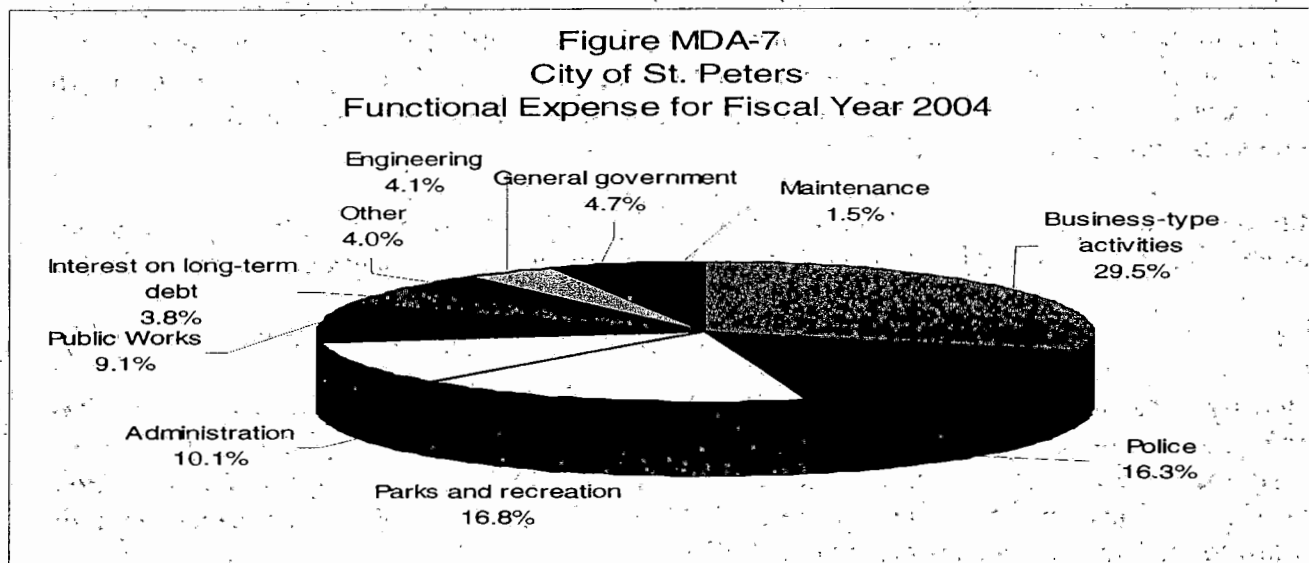


Charges for services are derived from users of the City's programs such as athletic programs at the REC-PLEX, the City's recreational complex, and fees for the users of the City's waterworks and sewerage system and other business-type activities. As seen in Figure MDA-6, the City's water and sewer operations account for over one-third of all charges for services, followed by the Central Materials Processing Facility (CMPF), Parks and Recreation, Solid Waste and all other charges for services.

The second largest revenue source for the entire city is sales tax which during the 2004 fiscal year equaled \$19.7 million.

The City of St. Peters has a 1% sales tax to fund general governmental activities, a .5% sales tax that funds the City's transportation activity (road construction and maintenance) and a .1% sales tax for park and storm water activities. In addition, the City has three Tax Increment Financing Districts and sales tax received for these districts is restricted to funding activities within the respective area. Sales tax increased by 5% due to an increase in consumer spending and additional retail centers in the City.

The total cost of all programs and services increased only 1.6% city-wide to a total of \$52.2 million during fiscal year 2004. The City's expenses cover a range of services including parks and recreation, policing, administration and public works. Approximately 29.5% of all city expenses during the 2004 fiscal year is related to business-type activities.



Governmental Activities

Revenues for the City's governmental activities total \$50.2 million, of which approximately 39% is sales tax, 19% is property tax and 13% is charges from services. Expenditures for the City's governmental activities total \$36.8 million, which results in an increase in net assets for the fiscal year of \$13.4 million.

Figure MDA-8 presents the cost of each of the City's largest programs as well as the program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

As stated earlier, the cost of all governmental activities this year was \$36.8 million; however, the amount that our taxpayers paid for these services through City taxes was \$20.3 million. The remaining cost was related to programs that charge those who directly benefit (\$6.7 million) and from grants and contributions (\$9.8 million). The City paid for the \$20.3 million "public benefit" portion with taxes, interest income and other revenues.

**Figure MDA-8
Net Cost of City of St. Peters's
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Administration	\$ 5,262,781	\$ 5,262,781
Engineering	2,139,381	2,139,381
General government	2,480,263	855,145
Interest on long-term debt	1,983,033	1,983,033
Other	2,881,393	2,658,953
Parks and recreation	8,789,938	4,973,474
Police	8,520,256	5,262,405
Public Works	4,771,304	(2,821,419)
	<u>\$ 36,828,349</u>	<u>\$ 20,313,753</u>

Charges for services related to governmental activities increased during the year by approximately \$900,000. This change is primarily due to a \$300,000 increase in permit revenue from an increase in permits issued, \$215,000 in court fines, and \$312,000 derived from the 2004 U.S. Olympic Diving Trials event the City of St. Peters hosted in fiscal year 2004.

As previously mentioned, sales tax increased 5% due to an increase in consumer spending and additional retail centers in the City, the assessed valuation of property in the City of St. Peters increased by over \$101 million during fiscal year 2004, and we reduced the property tax rate from 90 cents to 85 cents per \$100.00 of assessed valuation. Fiscal year 2004's increase in assessed valuation generated an additional 6.8% property tax revenue city-wide.

Governmental capital grants and contributions increased by 57.8% relating primarily to donations of capital assets of \$2.7 million that is discussed in detail in the capital asset section of this report

General governmental expense decreased by \$228,000 or 0.6% during fiscal year 2004, some of the significant changes by governmental function include:

- An increase in general government of \$562,000 resulting from an increase in legal fees of \$104,000 due to an increase in defense from legal action, new expense related to medical and dental insurance coverage for retirees of \$180,000, an increase in surplus distributions from the Special Allocation Funds of \$76,000 and an increase in expense related to the Community Development Block Grant to assist low to moderate income residents of \$149,000.
- A decrease in administration of \$550,000 due primarily to a reduction in the contribution from the Natatorium Foundation to the Recreation Fund.
- A decrease in public works expense of approximately \$686,000 due to the increased level of infrastructure capitalized during fiscal year 2004.
- An increase in parks and recreation expense of \$698,000 includes \$397,000 of expense related to the 2004 U.S. Olympic Diving Trials event held in the City, increases in salary and fringe benefits due to raises an increase in the medical accrual and a decrease in vacancies of \$193,000, and an increase in professional services of \$59,000.

Business-Type Activities

Revenues of the City's business-type activities increased \$839,000 to \$15.7 million and expenditures increased approximately \$1.1 million to \$15.4 million, resulting in an increase in net assets for the fiscal year of \$326,000. (Refer to Table MDA-4.) Factors contributed to these results included:

- Charges for services increased by 3.3%, which relates to increases in water and sewer user fees and solid waste collection fees of \$120,000 and \$312,500 respectively from rate increases of 2.5% for water and sewer charges and a \$1 per month increase for residential collection in solid waste. In addition, a new charge to cover the cost of utility location resulted in \$160,500 in revenue. Although the CMPF had an increase in recycling revenue of \$336,000 they also had a decrease in the amount of revenue from outside haulers and overall this business-type activity had a decrease of \$110,000 for charges for services.
- Capital grants and contributions increased by 111.2%, which relates primarily to contributed water and sewer lines and state grants for improvements to the CMPF operations increases totaling approximately \$350,000.

- The water and sewer function's expense increased by \$754,000 due primarily to an increase in salaries and fringe from raises, an increase in the medical accrual and an increase in personnel to perform utility locates of \$200,000, an increase in repair and maintenance of \$76,000, an increase in insurance and insurance claims of \$53,000, an increase in the cost of wastewater treatment of \$25,000, an increase in depreciation expense related to additional assets placed in service from recent bond issues of \$162,000 and an increase in debt service of \$197,000.
- Expense from the solid waste function increased by 10.6%, including an increase of \$79,000 for salaries and fringe from raises and an increase in the medical benefit accrual, an increase in repair and maintenance of \$22,000 for vehicles, and a combined increase of \$135,000 for diesel fuel, insurance claims, lease payment to the Public Improvement Corporation, and disposal fees.
- Expense for the CMPF decreased during fiscal year 2004 by \$386,000 related to the long-term contract the City entered into, at below-market cost, for hauling and disposal of solid waste and a decrease in the amount of material taken to the landfill resulting from a decrease in tipping from outside haulers. The \$430,000 decrease was offset by increases in depreciation due to the addition of new solid waste vehicles and expense for repair and maintenance to the building.
- Expense for the Public Improvement Corporation increased by \$384,000 due to interest expense for the new leasehold revenue bonds and an increase in depreciation expense from assets recently placed in service from the bond proceeds.

FUND FINANCIAL STATEMENTS

Another major section of the basic financial statements is the fund financial statements. These statements provide more detailed information about the City's most significant *funds*—not the City as a whole. A fund is a grouping of related accounts used to track specific sources of funding and spending for particular purposes.

The City of St. Peters has two kinds of funds:

- Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements are prepared on a modified accrual basis, which means they measure only current financial resources, uses and balances of spendable resources available at the end of the fiscal year. Therefore, capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund statements. Because the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. The City of St. Peters has only one type of proprietary fund, the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements: the City's waterworks and sewerage system, solid waste activities, and transfer station and recycling facility (CMPF). Proprietary fund statements are prepared on a full-accrual method and include all their assets and liabilities, current and long-term. This is the same basis used in the government-wide statements.

Financial Analysis Of The City's Funds

As discussed earlier, there are two types of statements included in the basic financial statements. This discussion relates to the fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. These statements are prepared on a modified accrual basis for the governmental funds and, as in the government-wide statements, on a full accrual method for the business-type activities or proprietary funds. A reconciliation from the fund statements to the government-wide statements is provided to display the differences in the two reporting methods.

The City of St. Peters has fourteen individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, the transportation trust fund and the debt service fund, all of which are considered major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section of this report. The City of St. Peters adopts an annual budget for each of the major funds and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The City's governmental funds reported a combined fund balance of \$26,461,365, a decrease of \$1,154,041 from the prior fiscal year. Unreserved fund balance constitutes \$16,732,439 and the remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for the following:

- liquidation of contracts and purchase orders of the prior period (\$2,509,644),
- capital improvements (\$455,307),
- storm water management (\$223,172),
- inventory and prepaids (\$888,546),
- long-term loans (\$519,773),
- Natatorium Foundation expenditures (\$2,169,874),
- and other purposes (\$2,962,610)

The primary reasons for changes in fund balance include those highlighted in the financial highlights section of this document. In addition, these other changes in fund balance should be noted:

The General Fund serves as the chief operating fund of the City of St. Peters. It is used to account for all financial resources except those that are required to be accounted for in another fund. The activities of the general fund include policing services, administration and governmental, parks and recreation, and

engineering. During fiscal year 2004, the General Fund's fund balance increased by \$1,082,300. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.3% of the total general fund expenditures, while total fund balance represents 33.7% of that same amount.

Key factors for the increase in fund balance include events discussed previously and the following:

- Continued efforts to limit operating costs to the amount received in operating resources, not utilizing one time windfalls such as the sale of land to cover everyday expenditures.
- Continued growth in both the residential and commercial areas. During the fiscal year, 289 residential and 65 commercial building permits were issued with estimated construction values of \$38,197,045 and \$39,599,803, respectively. The resulting increase in property tax revenue allowed us to continue providing the high quality of service that our residents enjoy.
- Continued efforts to get all budgeted funds to stand on their own. In fiscal year 2003/04 the Recreation Fund, Local Parks and Storm Water Fund, Transportation Trust Fund, Central Materials Processing Facility Fund, Solid Waste Fund and Water Sewer Fund did not require any subsidy from the General Fund.

The other two major funds of the City are the Transportation Trust Fund and the Debt Service Fund. The fund balances in the Transportation Trust Fund decreased by approximately \$2.1 to \$6.6 million. Of this amount, \$4.4 million is unreserved and \$2.2 million is reserved for the liquidation of contracts and purchase orders of the prior period. The decline in fund balance is attributed to expenditures for maintenance of our existing infrastructure and new infrastructure construction of \$11.2 million offset by resources of \$9.1 million. Although there was a decline in the current year, revenues are forecasted and expenditures for road projects are planned on a long-term basis in the City's Capital Improvement Plan to ensure adequate funding and fund balance are available. Fund balance in the Debt Service Fund increased by \$175,000 to a total of \$2 million, all of which is available for debt service in future years.

The other eleven non-major governmental funds had a \$315,000 decrease in fund balance to a total of \$9.3 million. Of this, \$5.9 million is unreserved and \$3.4 million is reserved for various things such as the liquidation of contracts and purchase orders of the prior period and the Natatorium Foundation.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the fiscal year, the City of St. Peters' elected officials revised the budget several times. These revisions generally are amendments and supplemental appropriations approved during the long-term Capital Improvement Plan process, adjustments to reflect the actual beginning account balances from the prior year's actual results, to incorporate adjustments for carried-over items from the previous budget year, to reflect any changes in estimates used when the original budget was adopted, or to reflect changes for unanticipated events that may arise throughout the fiscal year. The significant variations between the original and final budget include:

- Due to an increase in assessed valuation, the original estimation for property tax was increased by \$65,000 and franchise tax revenue was increased by \$155,000 primarily due to an increase in the cost of natural gas.
- As discussed earlier, the City of St. Peters experienced growth in license and fee revenue due to the increase in the permits issued and in municipal court fines. To reflect these changes, revenue was increased by \$225,000 and \$330,000, respectively.
- In addition, during the year general fund expenditures were decreased by approximately \$76,000 to reflect savings primarily due to the cost of personnel.

Significant variations between final budget and actual budget amounts include additional revenue of \$206,500 primarily due to an increase in the amount the City of St. Peters received for Surplus PILOTS from the Special Allocation Funds and revenue from permit fees as previously discussed. In addition, expenses were better than budgeted by \$1.5 million. The majority of this savings relates to salaries and fringe benefits (\$814,500) due in part to an adjustment to the vacation accrual, vacant positions, and a continued Citywide emphasis on controlling costs. In addition, the City experienced savings of \$141,000 in employee travel and training; \$199,000 in legal fees and other professional services; \$193,500 in repair and maintenance primarily related to the computer system and trail system; and \$127,500 in capital expenditures for items for our Community Relations department and computer equipment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2004, the City had invested \$120.7 million (net of accumulated depreciation) in a broad range of capital assets including land, structures and improvements, machinery and equipment, water and sewer lines, vehicles, and infrastructure. The total increase in the City of St. Peters' investment in capital assets for the current fiscal year was approximately 19.8%. As discussed previously, in accordance with GASB Statement No. 34, assets for roads, bridges, and other governmental infrastructure assets acquired during the current fiscal year are included in these amounts. However, governmental infrastructure assets acquired fiscal years prior to 2003 are not included at this time. The City will include infrastructure assets acquired during prior years in future financial statements in compliance with GASB Statement No. 34 requirements. Major capital asset events during the current fiscal year included the following:

This year's major capital assets for governmental activities include:

- Storm water improvements to Homestead Drainage Basin, Spencer Creek and other miscellaneous projects totaled \$680,000.
- Several large road projects and traffic signalization improvements were completed during the fiscal year, including the widening of Spencer Road, Ohmes Road, Ehlmann Road and sections of Mexico Road, totaling \$12.3 million.
- Major repairs to our existing infrastructure accounts for \$1.6 million of current year additions, and the City accepted over \$1.8 million in dedicated streets, sidewalks, storm sewers and right-of-way from developers and subdivisions that were previously considered private streets and not maintained by the City.

- The \$4.3 million increase in land relates to the improvements and dedications related to infrastructure discussed above for street and storm water projects, and \$285,000 for land acquired for the 370 Lakeside Redevelopment Area.
- Structures and improvements increased \$835,000 due to improvements made to our playgrounds and parks.

This year's major capital assets for business-type activities include:

- Various building and system additions and improvements in the Waterworks Sanitary Sewer Fund, adding \$1.5 million in additional capital assets, the majority of which relates to water and sewer line additions.
- Solid waste collections increased machinery and equipment of \$188,000 includes additional collection containers for solid waste and yard waste and two used collection vehicles.
- The Public Improvement Corporation added \$1.8 million of additional park land.
- The CMPF increased capital assets by \$339,500 for parking lot and scale house improvements and to install bag breaker and eddy current systems to improve efficiencies at the facility.

Outstanding encumbrances for capital assets at the end of the fiscal year were \$2.5 million. This amount has been accounted for in the City's budget-based statements and the City has no plans to issue additional debt to finance these projects. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At September 30, 2004, the City had a number of debt issues outstanding. These issues included \$28,080,000 of general obligation (G.O.) bonds, \$8,936,000 of Tax Increment Financing (TIF) notes, \$18,082,109 of water/sewer revenue bonds, and \$13,150,000 of PIC leasehold revenue bonds. The City continues to maintain its A1 rating from Moody's Investor Service on general obligation issues.

Figure MDA-9
City of St. Peters's Outstanding Debt
September 30, 2004

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2003	2004	2003	2004	2003	2004	
General obligation (G.O.) bonds	\$ 29,250,000	\$ 28,080,000	\$ -	\$ -	\$ 29,250,000	\$ 28,080,000	-4.00%
Tax Increment Financing (TIF) Notes	8,936,000	8,936,000	-	-	8,936,000	8,936,000	0.0%
Water/Sewer revenue bonds (net of unaccrued capital appreciation)	-	-	18,827,724	18,082,109	18,827,724	18,082,109	-4.0%
PIC leasehold revenue bonds	-	-	6,560,000	13,150,000	6,560,000	13,150,000	100.5%
TOTAL	\$ 38,186,000	\$ 37,016,000	\$ 25,387,724	\$ 31,232,109	\$ 63,573,724	\$ 68,248,109	7.4%

Under the statutes of the State of Missouri, the City's general obligation bonded debt is limited to no more than 10% of the most recent assessed valuation of the City. At September 30, 2004, the City was well within this limit with a legal debt margin of \$58,511,539. This does not include an additional debt limit of 10% of assessed valuation available for street, waterworks, or electric plant improvements. This additional debt margin amounted to \$84,556,297 at September 30, 2004. Additional information about the City's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

We have slightly increased fees in our Water and Sewer Fund (2.5% increase on water and sewer fees) and in our Solid Waste Fund (a \$1 per month per year increase to our residential customers). In addition, we have increased certain fees in the Recreation Fund, the majority of which have not been increased since September 2000. The increases were set by Ordinance and the proceeds from the rate increases cover costs associated with the services provided.

Fiscal year 2004/05 is the first year we will benefit from the voter approved annual license tax for hotels and public boarding houses that went into effect in July 2004. The first year of this new revenue source is for one-half of the calendar year; and therefore, anticipated revenues of \$200,000 have been reflected in the fiscal year 2004/05 budget.

As with most municipalities, the City's primary revenues are derived from taxes. Even though we are seeing our sales tax stabilize, we are not experiencing the growth in this revenue source that we had in past years. The 2004/05 budget reflects a 3% increase in sales tax which is based upon historical data, recent sales tax revenue received by the City, and the economic development the City expects during the year. Furthermore, since 2004/05 is a non-reassessment year, the City's assessed valuation for the 2004/05 budget increased by only 1.5%; and as such, the City has retained the current property tax rate of 85 cents per \$100 of assessed valuation.

We are continuing to look for new revenue sources and aggressively pursuing new economic development. We have seen continued growth in both the residential and commercial areas. These increases in revenue will assist us in continuing to provide the high quality of service that our residents enjoy. We are planning to break ground on our St. Peters Lakeside 370 development during 2005.

The fiscal year 2004/05 budget continues to fund all current City services while we maintain the same commitment to customer service. In fact, we have expanded services with our community development block grant program, storm water detention program, and for the new budget year, our sewer lateral and private streets programs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of St. Peters Finance Department, P.O. Box 9, St. Peters, MO 63376.

Basic Financial Statements

CITY OF ST. PETERS, MISSOURI

STATEMENT OF NET ASSETS

September 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and short-term investments	\$ 22,749,898	\$ 16,583,234	\$ 39,333,132
Investments	—	1,113,043	1,113,043
Receivables (net):			
Taxes	2,563,161	—	2,563,161
Services	—	1,736,725	1,736,725
Intergovernmental	3,380,008	—	3,380,008
Interest	10,461	10,196	20,657
Other	791,000	427,846	1,218,846
Internal balances	114,341	(114,341)	—
Inventories	888,546	80,466	969,012
Investment in joint venture	—	2,341,175	2,341,175
Long-term receivables	519,773	—	519,773
Capital assets:			
Nondepreciable	25,290,009	3,953,317	29,243,326
Depreciable	49,480,098	41,994,323	91,474,421
Total Assets	105,787,295	68,125,984	173,913,279
Liabilities			
Accounts payable	1,338,995	626,972	1,965,967
Accrued interest	534,756	229,612	764,368
Accrued payroll and vacation pay	2,441,213	472,507	2,913,720
Unearned revenue	173,861	—	173,861
Deposits	221,245	108,150	329,395
Other liabilities	1,114,564	40,674	1,155,238
Long-term liabilities:			
Due within one year	1,420,000	2,205,000	3,625,000
Due in more than one year	34,811,278	28,321,638	63,132,916
Total Liabilities	42,055,912	32,004,553	74,060,465
Net Assets			
Investment in capital assets, net of related debt	38,538,829	20,257,573	58,796,402
Restricted for:			
Capital projects	1,637,801	—	1,637,801
Debt service	2,034,833	5,290,157	7,324,990
Other purposes	2,169,874	—	2,169,874
Unrestricted	19,350,046	10,573,701	29,923,747
Total Net Assets	\$ 63,731,383	\$ 36,121,431	\$ 99,852,814

CITY OF ST. PETERS, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2004

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 2,480,263	\$ 1,274,215	\$ 269,064	\$ 81,839	\$ (855,145)	\$ —	\$ (855,145)
Administration	5,262,781	—	—	—	(5,262,781)	—	(5,262,781)
Police	8,520,256	1,689,862	1,535,350	32,639	(5,262,405)	—	(5,262,405)
Municipal court	324,357	—	—	—	(324,357)	—	(324,357)
Public works	4,771,304	5,440	1,532,327	6,054,956	2,821,419	—	2,821,419
Engineering	2,139,381	—	—	—	(2,139,381)	—	(2,139,381)
Maintenance	799,725	—	—	—	(799,725)	—	(799,725)
Health	591,484	11,629	—	—	(579,855)	—	(579,855)
Parks and recreation	8,789,938	3,567,199	198,622	50,643	(4,973,474)	—	(4,973,474)
Community relations	855,073	88,480	—	15,000	(751,593)	—	(751,593)
Community and arts	310,754	103,348	3,983	—	(203,423)	—	(203,423)
Interest on long-term debt	1,983,033	—	—	—	(1,983,033)	—	(1,983,033)
	36,828,349	6,740,173	3,539,346	6,235,077	(20,313,753)	—	(20,313,753)
Business-Type Activities							
Waterworks/Sanitary Sewer	7,944,078	7,495,672	—	471,541	—	23,135	23,135
Solid waste	3,176,106	3,147,922	—	—	—	(28,184)	(28,184)
Public Improvement Corporation	1,149,042	—	868,789	—	—	(280,253)	(280,253)
Central Materials Processing Facility	3,142,558	3,508,675	—	158,671	—	524,788	524,788
	15,411,784	14,152,269	868,789	630,212	—	239,486	239,486
Total Government	\$ 52,240,133	\$ 20,892,442	\$ 4,408,135	\$ 6,865,289	\$ (20,313,753)	\$ 239,486	\$ (20,074,267)
General Revenues:							
Property taxes levied for:							
General purposes					\$ 5,345,877	\$ —	\$ 5,345,877
Debt service					2,244,013	—	2,244,013
Tax increment financing districts					1,832,303	—	1,832,303
Sales tax levied for:							
General purposes					10,957,062	—	10,957,062
Transportation purposes					5,478,536	—	5,478,536
Park and stormwater purposes					1,081,465	—	1,081,465
Tax increment financing districts					2,182,219	—	2,182,219
Franchise and public service taxes					2,823,306	—	2,823,306
Sewer lateral repair fee					480,541	—	480,541
Earnings on investments					354,629	207,395	562,024
Other revenues					479,869	—	479,869
Gain on sale of security					117,714	—	117,714
Gain on disposition of capital assets					237,001	—	237,001
Transfers					120,400	(120,400)	—
Total General Revenues					33,734,935	86,995	33,821,930
Change in net assets					13,421,182	326,481	13,747,663
Net Assets - Beginning Of Year					44,304,464	35,794,950	80,099,404
Prior period adjustment					6,005,747	—	6,005,747
Net Assets - Beginning Of Year, As Restated					50,310,201	35,794,950	86,105,151
Net Assets - End Of Year					\$ 63,731,383	\$ 36,121,431	\$ 99,852,814

See the accompanying notes to basic financial statements.

CITY OF ST. PETERS, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2004

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Transportation	Debt	Other Governmental Funds	
		Trust	Service		
Assets					
Cash and cash equivalents:					
Held by trustees	\$ —	\$ —	\$ —	\$ 2,159,413	\$ 2,159,413
Unrestricted	8,559,859	3,523,623	2,036,339	6,470,664	20,590,485
Receivables, net of allowances where applicable:					
Taxes	1,698,560	464,807	56,744	378,508	2,598,619
Intergovernmental	7,877	3,288,542	—	83,589	3,380,008
Interest	—	—	—	10,461	10,461
Other	205,517	315,333	—	270,150	791,000
Due from other funds	256,985	—	—	—	256,985
Long-term receivables	—	—	—	519,773	519,773
Inventory/prepays	867,637	39	—	20,870	888,546
Total Assets	\$ 11,596,435	\$ 7,592,344	\$ 2,093,083	\$ 9,913,428	\$ 31,195,290
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 354,177	\$ 816,817	\$ 1,506	\$ 166,494	\$ 1,338,994
Accrued payroll	1,424,609	48,158	—	96,754	1,569,521
Deposits held for others/guarantee bonds	—	113,851	—	107,394	221,245
Due to other funds	—	18,076	—	124,569	142,645
Deferred revenue	136,459	40,025	56,744	113,728	346,956
Other liabilities	1,114,500	—	—	64	1,114,564
Total Liabilities	3,029,745	1,036,927	58,250	609,003	4,733,925
Fund Balances					
Reserved for:					
Encumbrances	382,180	1,935,485	—	191,979	2,509,644
Capital improvements	—	—	—	455,307	455,307
Stormwater management	223,172	—	—	—	223,172
Inventory/prepays	867,637	39	—	20,870	888,546
Long-term loans	—	—	—	519,773	519,773
Other projects	2,932,610	—	—	30,000	2,962,610
Natatorium Foundation	—	—	—	2,169,874	2,169,874
Unreserved, reported in:					
General fund	4,161,091	—	—	—	4,161,091
Special revenue funds	—	4,619,893	—	4,278,821	8,898,714
Debt service funds	—	—	2,034,833	—	2,034,833
Capital projects funds	—	—	—	1,637,801	1,637,801
Total Fund Balances	8,566,690	6,555,417	2,034,833	9,304,425	26,461,365
Total Liabilities And Fund Balances	\$ 11,596,435	\$ 7,592,344	\$ 2,093,083	\$ 9,913,428	\$ 31,195,290

CITY OF ST. PETERS, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS September 30, 2004

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

Total fund balance - governmental funds	\$ 26,461,365
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$107,813,448 and the accumulated depreciation is \$33,043,341.	74,770,107
Property taxes assessed by the City, but not collected as of year end, are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide statements.	137,637
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Discounts, premiums and bond issuance costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.	
Balances as of September 30, 2004 are:	
Accrued compensated absences, vacation	(871,692)
Accrued interest on outstanding debts as of year end 2004	(534,756)
Bonds and notes payable	(37,016,000)
Unamortized bond issue costs and deferred amount on refunding	1,087,613
Unamortized bond premium	(302,891)
Total net assets - governmental activities	<u><u>\$ 63,731,383</u></u>

CITY OF ST. PETERS, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended September 30, 2004

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Transportation Trust	Debt Service	Other Governmental Funds	Other Governmental Funds	
Revenues						
Sales tax	\$ 10,957,055	\$ 5,478,535	\$ —	\$ 3,263,692	\$ —	19,699,282
Property tax	5,362,778	—	2,244,016	1,832,304	—	9,439,098
Utility franchise tax	2,820,599	—	—	2,707	—	2,823,306
Cigarette tax	212,994	—	—	—	—	212,994
Licenses and permits	1,167,388	—	—	—	—	1,167,388
Interest	105,948	74,622	28,011	263,762	—	472,343
Intergovernmental	3,298,066	3,226,571	—	475,099	—	6,999,736
Fines and forfeitures	1,572,793	—	—	—	—	1,572,793
Charges for services	320,512	—	—	4,020,215	—	4,340,727
Miscellaneous	376,241	337,752	29,268	75,420	—	818,681
Total Revenues	26,194,374	9,117,480	2,301,295	9,933,199	—	47,546,348
Expenditures						
Current:						
General government	1,231,926	—	—	906,796	—	2,138,722
Administration	4,950,339	—	—	71,936	—	5,022,275
Police	8,478,745	—	—	—	—	8,478,745
Municipal court	324,432	—	—	—	—	324,432
Public works	2,433,863	2,744,055	—	616,418	—	5,794,336
Engineering	2,122,459	—	—	—	—	2,122,459
Maintenance	729,127	—	—	—	—	729,127
Health	536,982	—	—	—	—	536,982
Parks and recreation	3,706,235	—	—	4,579,692	—	8,285,927
Community relations	715,660	—	—	—	—	715,660
Community and arts	222,717	—	—	—	—	222,717
Capital outlay	—	8,468,961	—	1,700,073	—	10,169,034
Debt service:						
Principal retirement	—	—	810,215	554,785	—	1,365,000
Interest and fiscal charges	—	—	551,796	1,598,952	—	2,150,748
Other	—	—	208,389	—	—	208,389
Defeasance	—	—	713,108	—	—	713,108
Total Expenditures	25,452,485	11,919,016	2,283,508	10,028,652	—	48,977,661
Revenues Over (Under) Expenditures	741,889	(2,095,536)	17,787	(95,453)	—	(1,431,313)
Other Financing Sources (Uses)						
Transfers in	340,400	—	—	—	—	340,400
Transfers out	—	—	—	(220,000)	—	(220,000)
Proceeds from long-term debt	—	—	9,520,000	—	—	9,520,000
Payments to escrow agent	—	—	(9,363,128)	—	—	(9,363,128)
Total Other Financing Sources (Uses)	340,400	—	156,872	(220,000)	—	277,272
Net Changes In Fund Balances	1,082,289	(2,095,536)	174,659	(315,453)	—	(1,154,041)
Fund Balances						
Beginning of year	7,484,401	8,650,953	1,860,174	9,617,479	—	27,613,007
Prior period adjustment	—	—	—	2,399	—	2,399
Beginning balance as restated	7,484,401	8,650,953	1,860,174	9,619,878	—	27,615,406
End of year	\$ 8,566,690	\$ 6,555,417	\$ 2,034,833	\$ 9,304,425	\$ —	\$ 26,461,365

CITY OF ST. PETERS, MISSOURI

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For The Year Ended September 30, 2004

Net change in fund balances - total governmental funds \$ (1,154,041)

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities, assets with an initial, individual cost of more than \$250 for general and \$5,000 for infrastructure are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not recorded in the governmental funds but are recognized as revenue in the statement of activities. This is the amount by which capital outlays and donated capital assets exceeded depreciation in the current period.

Capital outlays	\$ 13,991,932	
Donated capital assets	2,662,687	
Depreciation expense	<u>(3,875,259)</u>	12,779,360

In the statement of activities, the gain on the disposition of capital assets is reported. The gain is not a use of current resources and thus is not reported in the funds. (62,999)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Payment to escrow agent	9,363,128	
Defeasance	713,108	
Proceeds on issuance of bonds payable	<u>(9,520,000)</u>	
Repayment of bond principal	1,365,000	1,921,236

Under the modified accrual basis of accounting used in governmental funds the effect of issuance costs, discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. 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:

Accrued interest on bonds	196,952	
Compensated absences	<u>(323,232)</u>	
Premium on debt issuances, net of amortization	89,606	
Deferred bond issuance costs and deferred amount on refunding, net of amortization	<u>(8,795)</u>	(45,469)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues increased this year. (16,905)

Change in net assets of governmental activities \$ 13,421,182

CITY OF ST. PETERS, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2004

	Major Enterprise Funds				Total Enterprise Funds
	Waterworks/ Sanitary Sewer	Solid Waste	Public Improvement Corporation	Central Materials Processing Facility	
Assets					
Current Assets					
Cash and cash equivalents:					
Held by trustees	\$ 177,279	\$ —	\$ 4,349,314	\$ —	\$ 4,526,593
Unrestricted	7,279,162	—	10,483	589,882	7,879,527
Restricted	2,963,616	—	1,213,498	—	4,177,114
Investments - restricted	1,113,043	—	—	—	1,113,043
Receivables, net of allowances:					
Services	1,159,444	507,859	—	69,422	1,736,725
Accrued interest	10,196	—	—	—	10,196
Other	88,580	56,800	—	282,466	427,846
Inventory/prepaids	111	17	—	80,338	80,466
Total Current Assets	12,791,431	564,676	5,573,295	1,022,108	19,951,510
Investment in joint venture	2,341,175	—	—	—	2,341,175
Capital assets	65,141,804	2,693,083	11,536,175	6,283,415	85,654,477
Less: Accumulated depreciation	31,558,923	2,106,099	3,483,478	2,558,337	39,706,837
Capital assets - net	33,582,881	586,984	8,052,697	3,725,078	45,947,640
Total Assets	48,715,487	1,151,660	13,625,992	4,747,186	68,240,325
Liabilities					
Current Liabilities:					
Accounts payable	513,625	5,832	—	107,515	626,972
Accrued payroll	134,108	64,628	—	56,448	255,184
Accrued vacation	116,216	56,919	—	44,188	217,323
Accrued interest payable	59,788	—	169,824	—	229,612
Deposits held for others	108,150	—	—	—	108,150
Due to other funds	22,908	37,035	2,544	51,854	114,341
Current portion of revenue bonds payable (payable from restricted assets)	1,445,000	—	760,000	—	2,205,000
Other	37,937	—	—	2,737	40,674
Total Current Liabilities	2,437,732	164,414	932,368	262,742	3,797,256
Noncurrent Liabilities:					
Long-term portion of revenue bonds payable	16,192,370	—	12,129,268	—	28,321,638
Total Liabilities	18,630,102	164,414	13,061,636	262,742	32,118,894
Net Assets					
Invested in capital assets, net of related debt	15,945,511	586,984	—	3,725,078	20,257,573
Restricted for debt service	4,076,659	—	1,213,498	—	5,290,157
Unrestricted	10,063,215	400,262	(649,142)	759,366	10,573,701
Total Net Assets	\$ 30,085,385	\$ 987,246	\$ 564,356	\$ 4,484,444	\$ 36,121,431

CITY OF ST. PETERS, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended September 30, 2004

	Major Enterprise Funds				Total Enterprise Funds
	Waterworks/ Sanitary Sewer	Solid Waste	Public Improvement Corporation	Central Materials Processing Facility	
Operating Revenues					
Water	\$ 3,170,548	\$ —	\$ —	\$ —	\$ 3,170,548
Sewer	2,865,741	—	—	—	2,865,741
Solid waste	—	3,053,413	—	—	3,053,413
Tap-on fees	371,664	—	—	—	371,664
Tipping fees	—	—	—	1,738,817	1,738,817
Rental income	—	—	868,789	—	868,789
Recycling income	—	—	—	1,553,020	1,553,020
Earth Centre	—	—	—	206,234	206,234
Miscellaneous	1,087,719	94,509	—	169,275	1,351,503
Total Operating Revenues	7,495,672	3,147,922	868,789	3,667,346	15,179,729
Operating Expenses					
Personnel costs	2,693,439	1,459,217	—	1,275,340	5,427,996
Depreciation	1,869,706	301,269	639,116	202,077	3,012,168
Utilities	428,972	12,766	—	57,479	499,217
Purchased water	307,910	—	—	—	307,910
Wastewater treatment costs	112,545	—	—	78	112,623
Landfill fees	—	823,650	—	1,244,077	2,067,727
Repairs and maintenance	501,359	241,083	—	57,176	799,618
Chemicals and supplies	203,524	16,953	—	1,883	222,360
Professional services	500,773	30,078	—	7,695	538,546
Office expense	80,447	25,548	—	128,913	234,908
Insurance	143,560	97,957	—	25,416	266,933
Gasoline and fuel	43,861	88,038	—	19,349	151,248
Bad debts	24,930	11,959	—	1,100	37,989
Rent	32,511	471	—	8,547	41,529
Miscellaneous	91,938	67,117	4,857	113,428	277,340
Total Operating Expenses	7,035,475	3,176,106	643,973	3,142,558	13,998,112
Operating Income (Loss)	460,197	(28,184)	224,816	524,788	1,181,617
Nonoperating Revenues (Expenses)					
Interest on investments	176,363	—	26,659	4,373	207,395
Bond interest and fees	(795,110)	—	(485,716)	—	(1,280,826)
Amortization of bond issue costs and discounts	(61,650)	—	(19,353)	—	(81,003)
Equity loss in joint venture	(51,843)	—	—	—	(51,843)
Nonoperating Revenues (Expenses), Net	(732,240)	—	(478,410)	4,373	(1,206,277)
Income (Loss) Before Transfers And Capital Contributions	(272,043)	(28,184)	(253,594)	529,161	(24,660)
Transfers out	(60,000)	(30,400)	—	(30,000)	(120,400)
Capital contributions	471,541	—	—	—	471,541
Change In Net Assets	139,498	(58,584)	(253,594)	499,161	326,481
Net Assets - Beginning Of Year	29,945,887	1,045,830	817,950	3,985,283	35,794,950
Net Assets - End Of Year	\$ 30,085,385	\$ 987,246	\$ 564,356	\$ 4,484,444	\$ 36,121,431

CITY OF ST. PETERS, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended September 30, 2004

	Major Enterprise Funds				
	Waterworks/ Sanitary Sewer	Solid Waste	Public Improvement Corporation	Central Materials Processing Facility	Total Enterprise Funds
Cash Flows From Operating Activities					
Receipts from customers	\$ 6,353,338	\$ 2,980,525	\$ 868,789	\$ 3,495,844	\$ 13,698,496
Payments to suppliers	(2,322,766)	(1,439,315)	(4,857)	(1,680,966)	(5,447,904)
Payment to employees	(2,647,789)	(1,449,704)	—	(1,265,725)	(5,363,218)
Other receipts	1,087,719	94,509	—	169,275	1,351,503
Net Cash Provided By Operating Activities	2,470,502	186,015	863,932	718,428	4,238,877
Cash Flows From Noncapital Financing Activities					
Transfers out	(60,000)	(30,400)	—	(30,000)	(120,400)
Advances on (repayments of) internal balances	(67,284)	22,047	(175,765)	4,059	(216,943)
Net Cash Used In Noncapital Financing Activities	(127,284)	(8,353)	(175,765)	(25,941)	(337,343)
Cash Flows From Capital And Related Financing Activities					
Issuance costs on revenue bonds	—	—	(169,797)	—	(169,797)
Proceeds from issuance of revenue bonds	—	—	7,070,000	—	7,070,000
Principal paid on revenue bonds	(1,390,000)	—	(480,000)	—	(1,870,000)
Interest paid on revenue bonds	(182,735)	—	(400,383)	—	(583,118)
Acquisition and construction of capital assets, net	(997,950)	(177,662)	(2,241,851)	(366,732)	(3,784,195)
Net Cash Provided By (Used In) Capital And Related Financing Activities	(2,570,685)	(177,662)	3,777,969	(366,732)	662,890
Cash Flows From Investing Activities					
Interest on investments	176,363	—	26,659	4,373	207,395
Net Cash Provided By Investing Activities	176,363	—	26,659	4,373	207,395
Net Increase (Decrease) In Cash And Cash Equivalents	(51,104)	—	4,492,795	330,128	4,771,819
Cash And Cash Equivalents - Beginning Of Year	10,471,161	—	1,080,500	259,754	11,811,415
Cash And Cash Equivalents - End Of Year	\$ 10,420,057	\$ —	\$ 5,573,295	\$ 589,882	\$ 16,583,234
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities					
Operating income (loss)	\$ 460,197	\$ (28,184)	\$ 224,816	\$ 524,788	\$ 1,181,617
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	1,869,706	301,269	639,116	202,077	3,012,168
Change in assets and liabilities:					
Increase in service receivable	(54,615)	(72,888)	—	(2,227)	(129,730)
(Increase) decrease in miscellaneous receivables	36,789	1,845	—	(18,526)	20,108
(Increase) decrease in inventory	(86)	—	—	18,170	18,084
Increase in other assets	—	(17)	—	—	(17)
Increase (decrease) in accounts payable	112,082	(25,523)	—	(18,206)	68,353
Increase in accrued payroll	27,083	11,615	—	7,818	46,516
Increase (decrease) in accrued vacation	18,567	(2,102)	—	1,797	18,262
Decrease in deposits held for others	(3,075)	—	—	—	(3,075)
Increase in other liabilities	3,854	—	—	2,737	6,591
Total Adjustments	2,010,305	214,199	639,116	193,640	3,057,260
Net Cash Provided By Operating Activities	\$ 2,470,502	\$ 186,015	\$ 863,932	\$ 718,428	\$ 4,238,877

Noncash Investing, Capital, and Financing Activities:

During fiscal year 2004, the Waterworks/Sanitary Sewer Fund received \$471,541 in contributed water and sewer lines from developers.

CITY OF ST. PETERS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2004

1. Summary Of Significant Accounting Policies

The City of St. Peters, Missouri (the City) was incorporated in 1910. The City operates as a fourth-class city under the Missouri state statutes under the Board of Aldermen/City Administrator form of government. The Board of Aldermen is comprised of eight Aldermen and a Mayor. The City provides the following services: public safety (police), public works, public improvements, water and sanitary sewer, residential trash collection, recreation, community development, health, planning and zoning, and general administration.

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

Reporting Entity

The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards; Section 2100. The criteria used in determining the scope of the entity for financial reporting purposes includes, but is not limited to, the method of budget adoption, taxing authority, whether debt is secured by revenues or general obligations of the City, the obligation of the City to finance any deficits that may occur, and supervision over the accounting functions.

Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either 1) be able to impose its will on the organization or 2) the relationship must have the potential for creating a financial benefit or imposing a financial burden of the City.

Based on the foregoing, the City's financial statements include all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the City. Accordingly, the City of St. Peters Public Improvement Corporation (the PIC) and the City of St. Peters Natatorium Foundation, separate not-for-profit corporations, have been reported as component units of the City and blended as a separate enterprise fund and a special revenue fund, respectively.

The PIC was formed in August 1990 for the purpose of facilitating the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City. The City of St. Peters Natatorium Foundation was formed in November 1993 for the purpose of accepting contributions from the community and using the resources to fund improvements to the St. Peters Rec-Plex facility. There are no separate financial statements issued for these component units.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting on the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes, unrestricted interest earnings and other items not properly included among program revenues are reported instead as general revenues. The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activity.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds". 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.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. 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. There are two categories of funds used by the City, governmental and proprietary.

Governmental Fund Type

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

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

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

Transportation Trust - The transportation trust fund is used to account for transportation sales tax revenues and grants to be used for the construction, reconstruction, repair and maintenance of streets, roads and bridges.

Debt Service - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The other governmental funds of the City are considered nonmajor. They are special revenue funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes and the capital project fund which accounts for financial resources to be used for acquisition or construction of major capital facilities.

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has four enterprise funds which are all considered major funds as follows:

Waterworks/Sanitary Sewer - The waterworks/sanitary sewer fund is used to account for the billing and collection of charges for water and sanitary sewer services for customers of the waterworks and sanitary sewer system. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services.

Solid Waste - The solid waste fund is used to account for the provision of solid waste collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Public Improvement Corporation - The public improvement corporation fund is used to account for the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City.

Central Materials Processing Facility - The central materials processing facility fund is used to account for revenues and expenses resulting from the processing of solid waste. Trash and recyclable materials are sorted by recyclable type (i.e., cardboard, newspaper, plastic, glass, aluminum, etc.). The sorted recyclables are then baled and sold to companies that use recyclable material in the manufacturing of their products. The remaining material (trash) is taken to a landfill.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements. The City elected not to follow FASB standards issued after such date.

Measurement Focus And Basis Of Accounting

The government-wide financial statements and all proprietary funds 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.

Under the modified-accrual basis of accounting, 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 means expected to be received within 60 days of fiscal year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures for principal and interest on long-term debt are not recognized until due.

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

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.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

The City recognizes assets from imposed nonexchange 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 refunds and 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded, is employed within the governmental fund financial statements. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and are reported as a reservation of fund balance to indicate that a portion of the fund balance is not available for subsequent appropriation.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and prospectively reported infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$250 or more for general capital assets and \$5,000 or more for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with the transitional provision of GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks) have not been fully capitalized retroactively at September 30, 2003 but will be over the next three years.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Structures and improvements:	20 years
Water and sewer lines	50 years
Streets, bridges and sidewalks	12 - 50 years
Furniture and other equipment	5 - 8 years
Vehicles	5 years
Computer equipment	5 years
Software	3 years
Land improvement	20 years
Pool equipment	5 years

Compensated Absences

City employees earn vacation during the current year which must be taken in the subsequent year. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the government-wide and proprietary fund financial statements as a short-term liability. A liability for these amounts is reported in governmental funds only if the amounts due at year end is payable with current resources. Sick leave benefits do not vest and are recorded as expenditures when paid.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported adjusted by the applicable bond premium or discount and bond issuance costs.

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

Debt Refunding

For current and advance refundings resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter, using the straight-line method since the results of the straight-line method are not materially different from the use of the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the government-wide and proprietary fund financial statements.

Capital Contributions

Capital contributions in the enterprise funds represent government grants, contributions and other aid to fund capital projects. In accordance with GASB 33, capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expensed are recorded as other financing sources (uses) in the governmental fund financial statements.

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund balances of governmental fund types and additions or deductions of contributed capital or retained earnings, as appropriate, of the proprietary fund type.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Net Assets

In the government-wide and proprietary fund financial statements, net assets is displayed in three components as follows:

Invested In Capital Assets, Net Of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriations or is legally segregated for a specific future use.

Investment In Joint Venture

The City's investment in the St. Peters - St. Charles Water Pipeline Project (the Joint Venture) is recorded on the equity method of accounting, taking into consideration capitalized interest.

Statement Of Cash Flows

The proprietary funds considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates And Assumptions

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

2. Cash And Investments

Investments primarily consist of short-term U.S. government treasury and agency securities which are carried at cost or amortized cost because of their short-term maturities. Certain restricted investments of the Bond Reserve Funds in the enterprise funds are carried at cost, as allowed by GASB 31. Equity investments of the permanent trust fund are carried at fair value. Fair value is based on quoted market prices.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Missouri state statutes authorize the City to invest in obligations of: the U.S. Treasury and U.S. Government agencies; the State of Missouri; and local governments in Missouri with populations greater than 400,000. Deposits in financial institutions must be collateralized by securities pledged to the City by these same institutions or covered by FDIC insurance.

Cash deposits with financial institutions amounted to \$31,348,694. The bank balance was \$32,279,781, which, at the balance sheet date was entirely insured or collateralized by securities held by the City's agent in the City's name.

The City's investments are categorized below to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

	1	2	3	Carrying Value	Fair Value
Investments - U.S. Treasury obligations	\$ —	\$ 1,947,162	\$ —	\$ 1,947,162	\$ 1,895,046
Marketable securities	—	1,238,314	—	1,238,314	1,238,314
	\$ —	\$ 3,185,476	\$ —	3,185,476	3,133,360
Pooléd investments:					
Government money market funds				5,900,530	5,900,530
Deposits				31,348,694	31,348,694
Petty cash				11,475	11,475
Total deposits and investments				\$ 40,446,175	\$ 40,394,059

3. Property Tax

The City's property tax is levied annually, on or before September 1, based on the assessed valuation of property located in the City as of the previous January 1. Assessed valuations are established by the St. Charles County Assessor. The City tax rate was levied at \$.8500 per \$100 of assessed valuation of which \$.5890 is for general revenue purposes and \$.2610 for the payment of principal and interest on general obligation bonds. Taxes are billed November 1, are due and collectible on December 31, and are delinquent and represent a lien on related property on January 1 of the following year. Taxes are billed, collected, and remitted to the City by the St. Charles County Collector.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

4. Capital Assets

Capital asset activity for the year ended September 30, 2004:

	Balance - October 1, 2003	Other Adjustments	Additions	Retirements	Balance - September 30, 2004
Government Activities:					
Capital assets, not being depreciated:					
Land	\$ 11,681,234	\$ 1,275,245	\$ 4,298,816	\$ —	\$ 17,255,295
Construction in progress	4,782,471	5,999,558	3,830,939	(6,578,254)	8,034,714
Total capital assets, not being depreciated	16,463,705	7,274,803	8,129,755	(6,578,254)	25,290,009
Capital assets, being depreciated:					
Structures and improvements	41,289,255	—	835,064	—	42,124,319
Machinery and equipment	13,880,538	—	471,434	(394,519)	13,957,453
Furniture and fixtures	1,127,987	—	23,142	(3,855)	1,147,274
Vehicles	4,662,824	—	490,551	(268,681)	4,884,694
Infrastructure	8,398,227	(1,271,455)	13,282,927	—	20,409,699
Total capital assets being depreciated	69,358,831	(1,271,455)	15,103,118	(667,055)	82,523,439
Less accumulated depreciation for:					
Structures and improvements	14,627,952	—	1,553,809	—	16,181,761
Machinery and equipment	10,670,935	—	1,066,676	(387,431)	11,350,180
Furniture and fixtures	977,709	—	39,384	(3,620)	1,013,473
Vehicles	3,313,483	—	509,542	(213,005)	3,610,020
Infrastructure	182,059	—	705,848	—	887,907
Total accumulated depreciation	29,772,138	—	3,875,259	(604,056)	33,043,341
Total capital assets, being depreciated, net	39,586,693	(1,271,455)	11,227,859	(62,999)	49,480,098
Governmental activities capital assets, net	\$ 56,050,398	\$ 6,003,348	\$ 19,357,614	\$ (6,641,253)	\$ 74,770,107

The City has elected to phase in over part of the available transitional period, the retroactive reporting of infrastructure capital assets. All infrastructure assets placed in service prior to October 1, 2002 will be reported in future financial statements in accordance with the transitional provisions allowed for infrastructure assets in GASB 34.

The other adjustments above represent reclassifications between asset categories of \$1,275,245 and a prior period adjustment of \$6,003,348 for construction in progress (CIP) incurred prior to October 1, 2002 related to 2003 CIP that was inadvertently omitted.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - October 1, 2003	Additions	Retirements	Balance - September 30, 2004
Business-Type Activities:				
Waterworks/Sanitary Sewer:				
Capital assets, not being depreciated:				
Land and land rights	\$ 1,274,998	\$ —	\$ —	\$ 1,274,998
Construction in progress	70,307	81,423	(70,307)	81,423
Total capital assets not being depreciated	1,345,305	81,423	(70,307)	1,356,421
Capital assets, being depreciated:				
Structures and improvements	21,858,382	—	—	21,858,382
Water lines	18,997,428	409,625	—	19,407,053
Sewer lines	17,412,696	572,794	—	17,985,490
Machinery and equipment	4,047,834	388,861	(13,317)	4,423,378
Other assets	23,838	87,242	—	111,080
Total capital assets being depreciated	62,340,178	1,458,522	(13,317)	63,785,383
Less accumulated depreciation for:				
Structures and improvements	15,214,497	582,431	—	15,796,928
Water Lines	5,813,482	405,215	—	6,218,697
Sewer Lines	5,601,160	682,458	—	6,283,618
Machinery and equipment	3,058,118	193,774	(13,170)	3,238,722
Other Assets	15,130	5,828	—	20,958
Total accumulated depreciation	29,702,387	1,869,706	(13,170)	31,558,923
Total capital assets being depreciated, net	32,637,791	(411,184)	(147)	32,226,460
Waterworks/sanitary sewer capital assets, net	\$ 33,983,096	\$ (329,761)	\$ (70,454)	\$ 33,582,881
Solid Waste:				
Capital assets, not being depreciated:				
Land and land rights	\$ —	\$ —	\$ —	\$ —
Construction in progress	—	—	—	—
Total capital assets not being depreciated	—	—	—	—
Capital assets, being depreciated:				
Structures and improvements	227,407	—	(3,600)	223,807
Machinery and equipment	2,353,314	187,963	(72,000)	2,469,277
Total capital assets being depreciated	2,580,721	187,963	(75,600)	2,693,084
Less accumulated depreciation for:				
Structures and improvements	103,673	9,719	(2,299)	111,093
Machinery and equipment	1,766,457	291,550	(63,000)	1,995,007
Total accumulated depreciation	1,870,130	301,269	(65,299)	2,106,100
Total capital assets being depreciated, net	710,591	(113,306)	(10,301)	586,984
Solid waste capital assets, net	\$ 710,591	\$ (113,306)	\$ (10,301)	\$ 586,984

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - October 1, 2003	Additions	Retirements	Balance September 30, 2004
Business-Type Activities (Continued):				
Public Improvement Corporation:				
Capital assets, not being depreciated:				
Land and land rights	\$ —	\$ 1,800,000	\$ —	\$ 1,800,000
Construction in progress	—	230,921	—	230,921
Total capital assets not being depreciated	—	2,030,921	—	2,030,921
Capital assets, being depreciated:				
Structures and improvements	5,411,903	32,900	—	5,444,803
Machinery and equipment	3,888,744	154,625	(251,208)	3,792,161
Furniture and fixtures	240,030	28,261	—	268,291
Total capital assets being depreciated	9,540,677	215,786	(251,208)	9,505,255
Less accumulated depreciation for:				
Structures and improvements	713,865	200,924	—	914,789
Machinery and equipment	2,299,908	407,001	(246,352)	2,460,557
Furniture and fixtures	76,942	31,191	—	108,133
Total accumulated depreciation	3,090,715	639,116	(246,352)	3,483,479
Total capital assets being depreciated, net	6,449,962	(423,330)	(4,856)	6,021,776
Public Improvement Corporation capital assets, net	\$ 6,449,962	\$ 1,607,591	\$ (4,856)	\$ 8,052,697
Central Materials Processing Facility:				
Capital assets, not being depreciated:				
Land and land rights	538,672	27,301	—	565,973
Construction in progress	—	—	—	—
Total capital assets not being depreciated	538,672	27,301	—	565,973
Capital assets, being depreciated:				
Structures and improvements	3,885,800	44,440	—	3,930,240
Machinery and equipment	1,442,073	201,714	(2,592)	1,641,195
Furniture, fixtures and other assets	52,692	93,315	—	146,007
Total capital assets being depreciated	5,380,565	339,469	(2,592)	5,717,442
Less accumulated depreciation for:				
Structures and improvements	1,010,681	155,745	—	1,166,426
Machinery and equipment	1,297,956	43,517	(2,554)	1,338,919
Furniture, fixtures and other assets	50,177	2,815	—	52,992
Total accumulated depreciation	2,358,814	202,077	(2,554)	2,558,337
Total capital assets being depreciated, net	3,021,751	137,392	(38)	3,159,105
Central Materials Processing Facility capital assets, net	\$ 3,560,423	\$ 164,693	\$ (38)	\$ 3,725,078

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

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

Governmental Activities:

General Government	\$ 243,200
Administration	398,376
Public Safety	292,184
Municipal Court	1,539
Public Works	717,329
Engineering	49,906
Vehicle and Equipment Maintenance	55,973
Health and Environmental	33,883
Parks and Recreation	1,459,751
Street Maintenance and Repairs	309,235
Community Relations	156,899
Community and Arts	80,889
Street Improvements	76,095
Total depreciation expense - governmental-type activities	<u>\$ 3,875,259</u>

Business-type Activities:

Waterworks	\$ 1,869,706
Solid Waste	301,269
PIC	639,116
Central Materials Processing Facilities	202,077
Total depreciation expense - business-type activities	<u>\$ 3,012,168</u>

5. Employees' Retirement System

Plan Description

The City participates in 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 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 the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System 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, MO 65102 or by calling 1-800-447-4334.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Funding Status

The City's full-time employees contribute 4% of their gross salary to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 11.2% (general) and 11.3% (police) 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.

Annual Pension Cost

For the 2004 Plan year, the City's annual pension cost of \$2,785,445 (employer and employee contributions of \$2,049,611 and \$735,834, respectively) was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or February 28, 2003 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, before retirement and 4.0% per year, compounded annually, after retirement, (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 an open basis. The amortization period at February 29, 2004 was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Costs (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2002	\$ 2,553,737	100%	\$ —
June 30, 2003	\$ 2,687,097	100%	—
June 30, 2004	\$ 2,785,445	100%	—

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

**Required Supplementary Information
Schedule Of Funding Progress**

Actuarial Valuation Date	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
	Actuarial Value Of Assets	Entry Age Actuarial Liability	Unfunded Accrued Liability (UAL)		Annual Covered Payroll	UAL As A Percentage Of Covered Payroll
February 29, 2000	\$ 18,516,233	\$ 21,374,977	\$ 2,858,744	87	\$ 14,667,535	19%
February 28, 2001	22,914,427	23,587,920	673,493	97	16,405,237	4
February 28, 2002	26,095,648	34,790,135	8,694,487	75	16,869,756	52
February 28, 2003	28,371,495	38,701,789	10,330,294	73	17,609,354	59
February 29, 2004	31,388,499	42,491,859	11,103,360	74	18,195,286	61

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.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

6. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended September 30, 2004, including the long-term debt obligations of the Public Improvement Corporation (PIC) (see Note 7):

	Balance - October 1, 2003	Additions	Retirements	Balance - September 30, 2004	Current Portion
Governmental Activities:					
General Obligation Bonds:					
Series 1997 Refunding	\$ 3,310,000	\$ —	\$ 760,000	\$ 2,550,000	\$ 795,000
Series 1999 Refunding	14,115,000	—	605,000	13,510,000	625,000
Series 2000	9,325,000	—	9,325,000	—	—
Series 2002	2,500,000	—	—	2,500,000	—
Series 2004 Refunding	—	9,520,000	—	9,520,000	—
Tax Increment Revenue Notes:					
Taxable Series 2001	5,423,000	—	—	5,423,000	—
Tax-exempt - Series 2001	3,513,000	—	—	3,513,000	—
	<u>\$ 38,186,000</u>	<u>\$ 9,520,000</u>	<u>\$ 10,690,000</u>	37,016,000	<u>\$ 1,420,000</u>
Add: Unamortized premium, net				302,891	
Less: Bond issue costs and deferred amount on refunding				(1,087,613)	
Total Governmental Activities				<u>\$ 36,231,278</u>	
Business-Type Activities:					
Water/Sewer Revenue Bonds:					
Series 1992 B	\$ 1,575,000	\$ —	\$ 500,000	\$ 1,075,000	\$ 550,000
Capital Appreciation Series 1999	9,910,000	—	—	9,910,000	—
Series 2002 Refunding	3,345,000	—	890,000	2,455,000	895,000
Capital Appreciation Series 2003	12,970,000	—	—	12,970,000	—
PIC Leasehold Revenue Bonds (Note 7)					
Series 1998	3,885,000	—	250,000	3,635,000	265,000
Series 2002	2,675,000	—	230,000	2,445,000	235,000
Series 2003	—	7,070,000	—	7,070,000	260,000
	<u>\$ 34,360,000</u>	<u>\$ 7,070,000</u>	<u>\$ 1,870,000</u>	39,560,000	<u>\$ 2,205,000</u>
Less: Unamortized discount, bond issue costs and deferred amount on refunding				(705,471)	
Unaccreted capital appreciation on bonds				(8,327,891)	
Total Business-Type Activities				<u>\$ 30,526,638</u>	

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Debt Service Requirements To Maturity (Including Public Improvement Corporation)

The annual principal requirements to maturity of bonded debt outstanding as of September 30, 2004 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities:				Total Debt	
	General Obligation		Revenue Bonds		Public Improvement Corporation		Service Requirements To Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,420,000	\$ 1,354,251	\$ 1,445,000	\$ 121,171	\$ 760,000	\$ 539,025	\$ 3,625,000	\$ 2,014,447
2006	1,485,000	1,292,328	1,437,403	104,575	780,000	517,006	3,702,403	1,913,909
2007	1,550,000	1,225,813	1,175,218	363,977	815,000	492,360	3,540,218	2,082,150
2008	2,320,000	1,098,763	1,152,651	394,049	835,000	464,555	4,307,651	1,957,367
2009	2,540,000	951,003	906,704	458,296	745,000	433,765	4,191,704	1,843,064
2010 - 2014	14,230,000	2,699,791	3,877,022	2,937,976	3,495,000	1,726,349	21,602,022	7,364,116
2015 - 2019	3,815,000	465,078	3,684,727	3,115,273	3,240,000	979,740	10,739,727	4,560,091
2020 - 2024	720,000	36,413	2,348,258	3,091,742	2,480,000	302,464	5,548,258	3,430,619
	\$ 28,080,000	\$ 9,123,440	\$ 16,026,983	\$ 10,587,059	\$ 13,150,000	\$ 5,455,264	\$ 57,256,983	\$ 25,165,763

General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various capital projects. \$2,034,834 is available in the City's Debt Service Funds to repay general obligation bonds. The remainder of the general obligation bonds is to be repaid from future property tax levies. The bonds bear interest at rates ranging from 3.10% to 5.40% and mature through 2021.

Defeased Debt: On February 1, 2004, the City issued general obligation refunding bonds of \$9,520,000 (Series 2004) with interest rates ranging from 3.1% to 5.15% to advance refund the Series 2000 general obligation bonds with interest rates ranging from 4.4% to 5.4% and a remaining par value of \$9,325,000. The Series 2000 general obligation bonds mature on March 1, 2020, and are callable on March 1, 2005. The Series 2004 general obligation refunding bonds were issued at par and, after the discount and paying issuance costs totaling \$156,872, the net proceeds received were \$9,363,128. The net proceeds from the issuance of the Series 2004 general obligation refunding bonds were used to purchase US government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payment until the Series 2000 bonds are called on March 1, 2005. The advance refunding met the requirements of an in-substance debt defeasance and the Series 2000 bonds were removed from the City's government-wide financial statements.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

As a result of the advance refunding, the City reduced its total debt service requirements by \$814,427, which resulted in an economic gain of \$897,128. For the government-wide financial statements, a deferred amount on refunding of \$966,919 was calculated related to the refunding as the difference between the book value of the Series 2000 bonds and the reacquisition price of the Series 2004 bonds. This amount was capitalized and will be amortized over 12 years which is the life of the new debt.

Revenue Bonds (Excluding Public Improvement Corporation)

All revenue bonds payable are recorded in the appropriate enterprise funds since the ordinances authorizing the bond issues require that the bonds be repaid from operations of the respective enterprise fund. These bonds are payable solely from, and secured by, a pledge of the net revenues to be derived from the operation of the Waterworks and Sewerage System. The bond ordinances require the establishment of certain cash reserve accounts which are described in Note 9. These bonds bear interest at rates ranging from 1.40% to 8.10% and mature through 2023.

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. This does not include an additional debt limit of 10% assessed valuation available for street improvements or waterworks and electric plants as provided under the statutes of the State of Missouri. The computation is as follows:

Assessed valuation - 2003 tax year	<u>\$ 845,567,062</u>
Debt limit - 10% of assessed valuation	<u>\$ 84,556,706</u>
Amount of debt applicable to debt limit:	
Total general obligation bonded debt	28,080,000
Less: Amount available in debt service fund	<u>2,034,833</u>
Bond indebtedness applicable to debt limit	<u>26,045,167</u>
Legal debt margin	<u><u>\$ 58,511,539</u></u>

Tax Increment Financing (TIF) Notes Payable

The tax increment financing notes payable are payable from payments in lieu of taxes collected by the Special Allocation special revenue funds.

The TIF notes represent special, limited obligations of the City, payable solely from the incremental sales and property taxes generated by the development project. The balance at September 30, 2004 represents outstanding notes with no accrued interest. The annual debt service repayments of the TIF notes are contingent upon the amounts of payments in lieu of taxes collected by the TIF districts. The notes bear interest at rates ranging from 7.0% to 8.5% and mature December 1, 2012.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

7. City Of St. Peters, Missouri Public Improvement Corporation

On August 24, 1990, the Public Improvement Corporation (PIC) was formed as a Missouri not-for-profit corporation. The purpose of the PIC is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City of St. Peters, Missouri.

Funding of such capital improvements and facilities has been provided through the issuance of leasehold revenue bonds. The revenue bonds do not constitute a legal debt or liability for the City, the State of Missouri, or for any political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation, or restriction. The issuance of the revenue bonds does not obligate the City to levy any form of taxation, therefore, or to make any appropriation for their payment in any fiscal year. The PIC has no taxing power.

On December 1, 2003, the PIC issued \$7,070,000 of Leasehold Revenue Bonds, Series 2003. Proceeds from the sale of the bonds were used to finance the construction of improvements to Laurel Park, improvements to other City parks and trails, the acquisition of recreational facilities and improvements thereto, erosion control, watershed and basin improvements, and other storm water management related projects. Simultaneously with the issuance of these 2003 Leasehold Revenue Bonds, the City entered into a lease agreement dated December 1, 2003 whereby a portion of the property, facilities and improvement acquired or constructed by the PIC have been leased to the City. The initial lease was renewed on September 30, 2004 and subject to annual budget appropriations. The lease will have successive one-year renewal options for a period of nineteen years. At the end of the nineteen-year period, the assets will be inventoried and become property of the City. Rental payments by the City are to be sufficient at all times to pay, when due, the principal, redemption premium, if any, and interest on the 2003 Leasehold Revenue Bonds. For fiscal year 2004, the city made lease payments totaling \$105,274.

On June 1, 2002, the PIC issued \$2,900,000 of Leasehold Revenue Bonds, Series 2002. Proceeds from the sale of the bonds were used to finance the acquisition and renovation of a building for use primarily by the City's construction management department and for the City's cable television operations, acquisition of solid waste collection vehicles, acquisition of a communications system and acquisition of other personal property for municipal use. Simultaneously with the issuance of these 2002 Leasehold Revenue Bonds, the City entered into a lease agreement dated June 1, 2002 whereby a portion of the property, facilities and improvement acquired or constructed by the PIC have been leased to the City. The initial lease was renewed on September 30, 2002 and subject to annual budget appropriations. The lease will have successive one-year renewal options for a period of twenty years. At the end of the twenty-year period, the assets will be inventoried and become property of the City. Rental payments by the City are to be sufficient at all times to pay, when due, the principal, redemption premium, if any, and interest on the 2002 Leasehold Revenue Bonds. For fiscal year 2004, the city made lease payments totaling \$332,242.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

On July 1, 1998, the PIC issued \$5,000,000 of Leasehold Revenue Bonds, Series 1998. Proceeds from the sale of the bonds were used to finance an expansion and renovation of the police station, an expansion to the City's senior citizens center, modifications to the skating rink, acquisition of computer system hardware, and renovation of the City Hall. Simultaneously with issuance of these 1998 Leasehold Revenue Bonds, the City entered into a lease agreement dated July 1, 1998 whereby a portion of the property, facilities and improvements acquired or constructed by the PIC have been leased to the City. The initial lease was renewed on September 30, 1998 and subject to annual budget appropriations. The lease will have successive one-year renewal options for a period of twenty years. At the end of the twenty-year period, the assets are intended to become the property of the City. Rental payments by the City are to be sufficient at all times to pay, when due, the principal, redemption premium, if any, and interest on the 1998 Leasehold Revenue Bonds. For fiscal year 2004, the city made lease payments totaling \$431,272.

8. Prior Years' Debt Defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is considered defeased and, therefore, removed as a liability from the City's financial statements. As of September 30, 2004, the amount of prior years' defeased debt outstanding, but removed from the financial statements amounted to \$2,335,000.

9. Enterprise Funds Revenue Bond Requirements

Cash and cash equivalents and investments restricted at September 30, 2004 are as follows:

Revenue fund	\$ 88,083
Operation and maintenance fund	374,114
1992B (Taxable) Bond and Interest Fund	540,333
Series 1992B (Taxable) Bond Reserve Fund	587,863
Series 1998 Leasehold Revenue Bond Reserve Fund	438,052
Series 2002 Revenue Refunding Bond Reserve Fund	421,439
Series 2002 Revenue Refunding Bond and Interest Fund	928,289
Series 2002 Leasehold Revenue Bonds Reserve Fund	240,850
Series 2003 Leasehold Revenue Bonds Reserve Fund	534,596
Depreciation Fund	225,000
Interest Reserve Fund	500,000
Contingency Fund	411,538
	<u>\$ 5,290,157</u>

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The various Leasehold Revenue Bond documents and the City Ordinance No. 1873, which authorized the issuance of the combined Waterworks and Sewerage System refunding revenue bonds Series 1992B (Taxable) and Series 2002, provide for the restriction of operating revenues of the enterprise fund after current operating expenses have been met. The Ordinance also provides for additional restrictions of operating revenues. The following are descriptions of the related reserve requirements:

Revenue Fund

Requirements - deposit of the gross earnings (excluding tap-on fees) of the Waterworks and Sewer System as collected, to be disbursed to the following funds as required.

Operation And Maintenance Fund

Requirements - monthly credit of a sum sufficient to pay the expenses for that month.

1992B (Taxable) Bond And Interest Funds

Requirements - monthly credit of one-sixth (1/6) of the interest due on the succeeding interest payment date plus one-twelfth (1/12) of the principal amount due the next succeeding November 1, if any, to be used only for the payment of principal and interest.

Series 1992B (Taxable) Bond Reserve Fund

Requirements - initial deposit of \$545,376 to be used only for payment of principal and interest on the bonds in the event insufficient funds are available in the bond and interest fund. In the event monies are drawn from the fund, the City will replenish the fund to \$545,376 by making 12 monthly deposits into the fund in the 12 months immediately succeeding the use. The Bond Reserve Fund may also be used to call the Series 1992B (Taxable) bonds for redemption and payment prior to their maturity.

Series 1998 Leasehold Revenue Bond Reserve Fund

Requirements - initial deposit of \$437,913 to be used for the payment of principal and interest on the bonds in the event insufficient funds are available in the bond fund. In the event monies are drawn from this fund, the city will replenish the fund the full amount that was withdrawn by making 12 monthly deposits into the fund in the 12 months immediately succeeding the use.

Series 2002 Revenue Refunding Bond Reserve Fund

Requirements - initial deposit of \$411,000 to be used only for payment of principal and interest on the bonds in the event insufficient funds are available in the bond and interest fund. In the event monies are drawn from the fund, the City will replenish the fund to \$411,000 by making 12 monthly deposits into the fund in the 12 months immediately succeeding the use. The Bond Reserve Fund may also be used to call the Series 2002 Revenue Refunding bonds for redemption and payment prior to their maturity.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Series 2002 Revenue Refunding Bond And Interest Fund

Requirements - monthly credit of one-sixth (1/6) of the interest due on the succeeding interest payment date plus one-twelfth (1/12) of the principal amount due the next succeeding November 1, if any, to be used only for the payment of principal and interest.

Series 2002 Leasehold Revenue Bond Reserve Fund

Requirements - initial deposit of \$239,721 to be used for the payment of principal and interest on the bonds in the event insufficient funds are available in the bond fund. In the event monies are drawn from this fund, the city will replenish the fund the full amount that was withdrawn by making 12 monthly deposits into the fund in the 12 months immediately succeeding the use.

Series 2003 Leasehold Revenue Bond Reserve Fund

Requirements - initial deposit of \$533,193 to be used for the payment of principal and interest on the bonds in the event insufficient funds are available in the bond fund. In the event monies are drawn from this fund, the city will replenish the fund no later than the next succeeding Rental Payment date in equal monthly installments over a period not to exceed 13 months after being notified of such deficiency.

Depreciation Fund

Requirements - initial transfer and credit of \$225,000 to be used only for the payment of principal and interest on the bonds in the event that insufficient funds are available in the bond or bond reserve funds to pay for the costs of necessary replacements to the Waterworks and Sewerage System. In the event monies are drawn from this fund, the City will replenish the fund to \$225,000 by making 24 equal monthly deposits into the fund in the 24 months immediately succeeding the use.

Interest Reserve Fund

Requirements - initial transfer and credit of \$500,000 and thereafter such amounts as appropriated by the Board of Alderman of the City from the Contingency Account, the General Fund of the City, or other available funds of the City. Monies in the Interest Reserve Fund shall be held and used by the City to make up any deficiency in any of the accounts or subaccounts in the Revenue Fund and may be withdrawn by the City at any time and applied to its general governmental purposes if not required to satisfy the City's rate covenant.

Contingency Fund

Requirements - amounts remaining in the revenue fund after disbursement to other funds based on individual fund requirements shall be deposited in the Contingency Fund for the purposes of paying the costs of improvements, extensions, or additions to the system, retiring bonds in advance of maturity or for any lawful purpose of the City.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Rate Covenant

Requirements - the City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by the Waterworks and Sewer System to provide revenues in each fiscal year to pay for the operating costs of the system, the bond principal and interest payments, and any required deposits. Such rates should generate available revenues (net revenues plus interest reserve fund monies) at least equal to 125% of the principal and interest requirements on all bonds during the fiscal year and net revenues at least equal to 100% of the principal and interest requirements on all bonds during the fiscal year.

The City met all related revenue bond reserve requirements.

10. Interfund Balances And Transfers

The following represent a reconciliation of transfers between fund types and individual funds for the year ended September 30, 2004:

	Transfers From	Transfers To	Net Transfers
Major Governmental Funds:			
General	\$ —	\$ 340,400	\$ 340,400
Nonmajor Governmental Funds:			
Old Town	190,000	—	(190,000)
Recreation	30,000	—	(30,000)
Major Enterprise Funds:			
Waterworks/sanitary sewer	60,000	—	(60,000)
Solid waste	30,400	—	(30,400)
Central Materials Processing Facility	30,000	—	(30,000)
	<u>\$ 340,400</u>	<u>\$ 340,400</u>	<u>\$ —</u>

Interfund transfers totaling \$150,400 were used to fund post-retirement benefits to be paid on behalf of retirees.

Interfund transfers totaling \$190,000 were used to transfer unused construction funds back to the General Fund.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

Individual fund interfund receivable and payable balances as of September 30, 2004 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General fund	\$ 256,985	\$ —
Transportation trust fund	—	18,076
Nonmajor Governmental Funds:		
Recreation fund	—	59,321
Community Development Block Grant fund	—	65,248
Enterprise Funds:		
Waterworks/sanitary sewer	—	22,907
Solid waste fund	—	37,035
Public Improvement Corporation	—	2,544
Central Materials Processing Facility	—	51,854
	<u>\$ 256,985</u>	<u>\$ 256,985</u>

The amounts due to or from individual funds represent interfund borrowings and arise in the normal course of business. Interfund borrowings are necessary due to the nature and timing of governmental receipts.

Interfund payables at September 30, 2004 include \$59,321 in the Recreation Fund, \$18,076 in the Transportation Fund, \$37,035 in the Solid Waste Fund, \$22,907 in the Waterworks/Sanitary Sewer Funds, and \$51,854 in the Central Materials Processing Facility Fund for reimbursement to the General Fund for insurance expense. Receivables in the General Fund reflect the interfund payables.

An interfund payable of \$2,544 exists in the Public Improvement Corporation Fund for reimbursement to the General Fund for Police and City Hall renovations. A receivable in the General Fund reflects the interfund payable.

An interfund payable of \$65,248 exists in the Nonmajor Governmental Funds for reimbursement to the General Fund for CDBG administrative costs incurred during fiscal year 2004. A receivable in the General Fund reflects the interfund payable.

11. Joint Venture

In October 1985, the City of St. Peters, Missouri and the City of St. Charles, Missouri entered into a joint venture agreement to form the St. Peters - St. Charles Water Pipeline Project (the Joint Venture). The purpose of the Joint Venture is to construct and operate a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri and St. Charles, Missouri (the Owners), in order to adequately supply water by the pipeline to the citizens and businesses of the municipalities.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

The Joint Venture is owned by the City of St. Peters, Missouri (31.8%) and the City of St. Charles, Missouri (68.2%). In accordance with the Joint Venture agreement, the City of St. Peters, Missouri is responsible for managing and accounting for the daily operations of the Joint Venture, except where concurrence of both cities is required. The Joint Venture receives all of its operating revenue from the water it sells to the Owners. The Owners financed the cost of construction of the pipeline and appurtenant facilities and, therefore, depreciation is excluded from the charges to the Owners. The cumulative investment in the Joint Venture by the City of St. Peters, Missouri through September 30, 2004 includes its proportionate share of water pipeline construction costs and an initial contribution to a water pipeline maintenance fund. Under terms of the Joint Venture agreement, additional contributions to maintain the water pipeline maintenance fund at an agreed-upon base amount may be required. The current base amount is \$500,000 which may be increased to a maximum of \$1,000,000 if maintenance costs so justify.

During 2004, the City of St. Peters, Missouri purchased water from the Joint Venture and paid related pumping charges totaling \$307,910. These costs are included as operating expenses of the City's waterworks/sanitary sewer enterprise fund.

Condensed summary of financial information for the Joint Venture as of and for its fiscal year ended September 30, 2004 is as follows:

Assets	<u>\$ 7,306,816</u>
Liabilities	\$ 422,185
Partnership capital:	
St. Peters	2,903,699
St. Charles	6,227,431
Accumulated deficit:	
St. Peters	(714,386)
St. Charles	<u>(1,532,113)</u>
	<u>\$ 7,306,816</u>
Operating revenue	\$ 1,332,347
Operating expenses	1,492,455
Nonoperating revenue	<u>11,547</u>
Net Loss	<u>\$ (148,561)</u>

The joint venture issues a financial statement which may be obtained by writing to the St. Peters - St. Charles Water Pipeline Project, One St. Peters Centre Boulevard, St. Peters, Missouri 63376.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements (Continued)

12. Insurance Programs

The City became self-insured with respect to workers' compensation, general liability and property and casualty insurance effective July 1, 1998 and medical insurance effective January 1, 1998. Unemployment compensation became effective in 1997. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims relating to these matters is recorded in the general fund.

The City obtains periodic funding information from the claims-servicing company managing the self-insurance programs and adjusts the charges to the various funds as required to maintain the appropriate level of estimated claims liabilities. The City maintains excess liability coverages for workers' compensation, general liability, property and casualty and medical costs. Settled claims did not exceed commercial coverages for each of the past three fiscal years.

At September 30, 2004, the City's total estimated liability for payment of incurred (both reported and unreported) but unpaid claims for workers' compensation, property, unemployment and medical costs was \$861,623.

Changes in the self-insured claims liabilities at September 30, 2004 and 2003 were as follows:

	Workers'			Total
	Compensation/ General	Unemployment	Medical	
Balance - September 30, 2002	\$ 448,594	\$ 24,651	\$ 112,887	\$ 586,132
Add: Current Year Claims And Changes In Estimate	520,036	—	2,429,397	2,949,433
Less: Claim payments	383,594	—	2,409,005	2,792,599
Balance - September 30, 2003	585,036	24,651	133,279	742,966
Add: Current Year Claims And Changes In Estimate	530,982	—	2,786,842	3,317,824
Less: Claim Payments	585,036	21,390	2,592,741	3,199,167
Balance - September 30, 2004	\$ 530,982	\$ 3,261	\$ 327,380	\$ 861,623

13. Postretirement Health Care Benefits

In accordance with City statutes, the City provides postretirement health care benefits to eligible employees who retire from the City, while a subscriber or participant, who elect to receive benefits and has more than five (5) years of service prior to the date of retirement, and who has elected to continue coverage under the plan, together with the spouse of such retired employee. At September 30, 2004, the City provided this benefit to twenty-four retirees. The City provides a contribution on behalf of the retired employee and spouse for health and/or dental insurance premiums based upon years of service

Upon the retired employee participant's attainment of age sixty-five (65), coverage for such participant and his spouse shall only be supplemental to Medicare Parts A and B, regardless of whether the participant enrolls for Medicare Parts A and B;

During fiscal year 2004, the cost of postretirement benefits, net of retiree contributions, totaled approximately \$117,268.

14. Contingencies

Litigation

A lawsuit captioned St. Charles County, Missouri, et al., vs. City of St. Peters, Missouri was filed in the Circuit Court of St. Charles County in August 2000. The suit relates to the constitutionality of the state tax increment financing (TIF) statute that allows a portion of tax revenue collected from businesses in a TIF district to pay off bonds used to acquire land and develop business sites in blighted areas. The suit was subsequently voluntarily dismissed by the County and on October 4, 2001 the County filed a new lawsuit relating primarily to the validity of Tax Increment Financing for the St. Peters Centre Redevelopment Area. The County is requesting among other things, invalidation of the TIF District and reimbursement of the County taxes allocated to the tax increment fund.

The City filed a motions for summary judgment on all claims in June 2002; the Plaintiffs filed motions for summary judgment on all claims. In addition to the City's defense to the suit, the Attorney General's office intervened to defend Counts VII and VIII of the Petition, which seek to invalidate, on constitutional grounds, portions of Missouri's Real Property Tax Increment Allocation Act ("TIF ACT"). Following oral arguments on the City's motions for summary judgment, an order was entered in on May 1, 2003 in favor of the City on all counts. Plaintiffs filed a notice of appeal on May 2, 2003 and the City filed a notice of cross appeal in July 2003. On July 22, 2004 the Missouri appellate court affirmed the trial court's decision in favor of the City. The case was then appealed to the Missouri Supreme Court. In October 2004, the high court ordered a transfer of the case to it for a re-hearing of the appeal. Oral arguments are set to begin in January 2005.

CITY OF ST. PETERS, MISSOURI

Notes To Basic Financial Statements *(Continued)*

The case has the potential of adversely affecting the validity of all of the City's pending TIFs, as well as those on a state-wide basis, if the TIF act itself is declared unconstitutional on any grounds, and therefore, may affect the validity of TIF bonds issued pursuant to various TIFs. Given the complexity of the matters raised in the petition, Counsel of the City is unable at this time to determine the likelihood of any outcome, or the financial impact on the City.

The City is a defendant in a number of other lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of all of these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Federal Grants

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

Required Supplementary Information

CITY OF ST. PETERS, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON INFORMATION BUDGET BASIS - GENERAL FUND For The Year Ended September 30, 2004

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget	Actual	
Revenues				
Sales tax	\$ 11,000,000	\$ 11,000,000	\$ 10,957,055	\$ (42,945)
Property tax	5,275,500	5,340,500	5,347,010	6,510
Utility franchise tax	2,677,000	2,852,000	2,820,599	(31,401)
Cigarette tax	200,000	180,000	212,994	32,994
Licenses and permits	849,000	1,074,000	1,167,388	93,388
Interest	170,000	170,000	105,948	(64,052)
Intergovernmental	3,190,840	3,265,840	3,298,066	32,226
Fines and forfeitures	1,276,000	1,586,000	1,572,793	(13,207)
Charges for services	274,300	294,300	320,512	26,212
Miscellaneous	199,500	209,500	376,235	166,735
Total Revenues	25,112,140	25,972,140	26,178,600	206,460
Expenditures				
General government	1,256,200	1,228,200	1,222,019	6,181
Administration	5,320,895	5,280,895	4,925,807	355,088
Police	9,042,700	8,962,700	8,465,276	497,424
Municipal court	316,520	316,520	323,574	(7,054)
Public works	2,395,315	2,429,315	2,433,823	(4,508)
Engineering	2,248,330	2,248,330	2,125,624	122,706
Maintenance	798,690	798,690	727,873	70,817
Health	602,740	602,740	534,644	68,096
Parks and recreation	3,942,205	3,994,140	3,718,819	275,321
Community relations	748,180	766,180	703,389	62,791
Community and arts	246,180	266,180	222,717	43,463
Total Expenditures	26,917,955	26,893,890	25,403,565	1,490,325
Revenues Over (Under) Expenditures	(1,805,815)	(921,750)	775,035	1,696,785
Other Financing Sources (Uses)				
Operating transfers in	2,492,000	2,492,000	2,492,400	400
Operating transfers out	(2,152,000)	(2,152,000)	(2,152,000)	—
Total Other Financing Sources (Uses)	340,000	340,000	340,400	400
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	(1,465,815)	(581,750)	1,115,435	1,697,185
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	3,992,616	3,992,616	3,992,616	—
Transfer from (to) reserved	1,828,000	1,869,935	(325,732)	(2,195,667)
End of year	4,354,801	5,280,801	4,782,319	(498,482)
Reserved:				
Beginning of year	3,192,810	3,192,810	3,192,810	—
Transfer from (to) unreserved	(1,828,000)	(1,869,935)	325,732	2,195,667
End of year	1,364,810	1,322,875	3,518,542	2,195,667
Budget basis, end of year	<u>\$ 5,719,611</u>	<u>\$ 6,603,676</u>	8,300,861	<u>\$ 1,697,185</u>
Encumbrances, end of year			382,180	
Property tax - deferred revenue, end of year			(116,351)	
GAAP basis, end of year			<u>\$ 8,566,690</u>	

CITY OF ST. PETERS, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON INFORMATION
BUDGET BASIS - TRANSPORTATION TRUST FUND
For The Year Ended September 30, 2004**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget		
Revenues				
Sales tax	\$ 5,500,000	\$ 5,500,000	\$ 5,478,535	\$ (21,465)
Interest	125,000	75,000	74,622	(378)
Intergovernmental	5,040,825	3,421,660	1,537,984	(1,883,676)
Miscellaneous	797,500	490,800	337,750	(153,050)
Total Revenues	11,463,325	9,487,460	7,428,891	(2,058,569)
Expenditures				
Public works	3,105,585	3,219,585	2,906,290	313,295
Street construction	10,280,955	7,399,260	3,614,474	3,784,786
Total Expenditures	13,386,540	10,618,845	6,520,764	4,098,081
Revenues Over (Under) Expenditures	(1,923,215)	(1,131,385)	908,127	2,039,512
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	4,486,916	4,486,916	4,486,916	—
End of year	2,563,701	3,355,531	5,395,043	2,039,512
Budget basis, end of year	<u>\$ 2,563,701</u>	<u>\$ 3,355,531</u>	5,395,043	<u>\$ 2,039,512</u>
Budget basis grant revenue			(775,111)	
Encumbrances, end of year			<u>1,935,485</u>	
GAAP basis, end of year			<u>\$ 6,555,417</u>	

CITY OF ST. PETERS, MISSOURI

NOTES TO BUDGETARY COMPARISON INFORMATION

September 30, 2004

Budgetary Process

The Board of Aldermen follow the procedures outlined below in establishing the budgetary data reflected in the general purpose financial statements:

1. On or before August 1, the City Administrator submits to the Mayor and Board of Aldermen a proposed operating budget for the general, special revenue, and debt service funds for the fiscal year commencing the following October 1. In addition, budgets for the waterworks/sanitary sewer, solid waste, and central materials processing facility fund operations are prepared on a basis similar to that of the general governmental funds in order to better manage these operations. The operating budgets include proposed expenditures and the means of financing them. Expenditures may not legally exceed appropriations at the fund level.
2. The annual operating budgets are approved through the adoption of the budget ordinance by the affirmative vote of a majority of the members of the Board of Aldermen and approval by the Mayor on or before September 1 of the preceding budget year. If the budgets have not been passed and approved on or before the last day preceding the budget year (September 30), the budgets and appropriations for the current fiscal year shall be deemed to be rebudgeted and reappropriated for the budget year until a new budget is adopted and approved.
3. The City Administrator is authorized to transfer part, or all, of any unexpended balance among any departments within a given fund.
4. If it is determined that the original budgeted revenues and expenditures need to be increased or decreased, the Board of Aldermen may, by ordinance, make such changes in budgeted revenues and expenditures so long as the total budgeted expenditures do not exceed the amount of budgeted revenues plus beginning unencumbered fund balance. The amount of such supplemental appropriations for the year was not significant.
5. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the Board of Aldermen may, by ordinance, reduce one or more appropriations.
6. Unencumbered appropriations lapse at year-end.

CITY OF ST. PETERS, MISSOURI

Notes To Budgetary Comparison Information (Continued)

The budgets for the general fund, the special revenue funds, and debt service funds are adopted on a basis which is consistent with accounting principles (GAAP) generally accepted in the United States of America, except for the following:

- For GAAP purposes, expenditures are recognized as incurred, whereas the City's budget basis recognizes encumbrances outstanding at year-end as expenditures of the current period. Accordingly, expenditures on a budget basis for the general fund are less than expenditures in the fund financial statements by \$48,920 and less than expenditures in the fund financial statements by \$4,692,252 for the transportation trust fund.
- Property tax revenue is recognized to the extent it is collected within the current period or expected to be collected within 60 days following the end of the fiscal period on a GAAP basis. Property tax revenue not received at year-end is recorded as deferred revenue. Property tax revenue is recognized on a budget basis at the point in time that the tax is levied. Accordingly, property tax revenues in the budgetary comparisons (budget basis) for the general fund is less than the corresponding revenues in the fund financial statements by \$15,768. The Debt Service Fund's property tax revenues on a budget basis were \$3,468 less than the corresponding revenues in the fund financial statements.

Other Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

**Nonmajor Governmental Funds
Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Drug Enforcement Agency Fund - Used to account for Federal grant proceeds and other revenues restricted for drug-related law enforcement purposes.

Recreation Fund - Used to account for revenues restricted for recreation purposes.

Sewer Lateral Repair Program Fund - Used to account for money received from assessments on all residential property with six or less dwelling units. This money is used to repair defective lateral sewer service lines.

Special Allocation Fund - City Centre - Used to account for revenues generated by the City Centre TIF district for the payment of debt service and other TIF related expenditures.

Special Allocation Fund - Old Town - Used to account for revenues generated by the Old Town Levy TIF district.

Special Allocation Fund - Lakeside Redevelopment Fund - Used to account for revenues generated by the Lakeside Redevelopment TIF district for the payment of debt service and other TIF related expenditures.

Community Development Block Grant Fund - Used to account for federal grant proceeds that provides assistance to low and moderate income persons.

Local Parks And Stormwater Fund - Used to account for one-tenth sales tax revenue and grant proceeds to be used for park and stormwater projects.

2004 Olympic Diving Fund - Used to account for revenues and expenses related to the 2004 Olympic Diving Festival. This fund was closed in fiscal 2004.

Natorium Foundation Fund - Used to account for contributions received from the community to fund improvements to the St. Peters Rec-Plex facility.

CITY OF ST. PETERS, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS September 30, 2004

	Combined Nonmajor Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents - held by trustee	\$ 2,159,413	\$ —	\$ 2,159,413
Cash and cash equivalents - unrestricted	4,822,795	1,647,869	6,470,664
Receivables, net of allowances:			
Taxes	378,508	—	378,508
Intergovernmental	83,589	—	83,589
Accrued interest	10,461	—	10,461
Other	270,150	—	270,150
Long-term receivables	519,773	—	519,773
Inventory/prepays	20,870	—	20,870
Total Assets	\$ 8,265,559	\$ 1,647,869	\$ 9,913,428
Liabilities And Fund Balances			
Liabilities			
Accounts payable	\$ 156,621	\$ 9,873	\$ 166,494
Accrued liabilities	96,559	195	96,754
Deposits/guarantee bonds	107,394	—	107,394
Due to other funds	124,569	—	124,569
Deferred revenue	113,728	—	113,728
Other liabilities	64	—	64
Total Liabilities	598,935	10,068	609,003
Fund Balances			
Reserved for encumbrances	191,979	—	191,979
Reserved for capital improvements	455,307	—	455,307
Reserved for inventory/prepays	20,870	—	20,870
Reserved for long-term loans	519,773	—	519,773
Reserved for medical insurance	30,000	—	30,000
Reserved for the Natatorium Foundation	2,169,874	—	2,169,874
Unreserved - undesignated	4,278,821	1,637,801	5,916,622
Total Fund Balances	7,666,624	1,637,801	9,304,425
Total Liabilities And Fund Balances	\$ 8,265,559	\$ 1,647,869	\$ 9,913,428

CITY OF ST. PETERS, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended September 30, 2004

	Combined Nonmajor Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Sales tax	\$ 3,263,692	\$ —	\$ 3,263,692
Property tax	1,832,304	—	1,832,304
Utility franchise tax	2,707	—	2,707
Interest	235,920	27,842	263,762
Intergovernmental	475,099	—	475,099
Charges for services	4,020,215	—	4,020,215
Miscellaneous	75,420	—	75,420
Total Revenues	9,905,357	27,842	9,933,199
Expenditures			
General government	906,796	—	906,796
Administration	71,936	—	71,936
Public works	616,418	—	616,418
Parks and recreation	4,579,692	—	4,579,692
Capital outlay	355,038	1,345,035	1,700,073
Debt service	2,153,737	—	2,153,737
Total Expenditures	8,683,617	1,345,035	10,028,652
Revenues Over (Under) Expenditures	1,221,740	(1,317,193)	(95,453)
Other Financing Sources			
Transfers out	(30,000)	(190,000)	(220,000)
Revenues And Other Financing Sources Over (Under) Expenditures	1,191,740	(1,507,193)	(315,453)
Fund Balances			
Beginning of year	6,472,485	3,144,994	9,617,479
Prior period adjustment	2,399	—	2,399
	6,474,884	3,144,994	9,619,878
End of year	\$ 7,666,624	\$ 1,637,801	\$ 9,304,425

CITY OF ST. PETERS, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2004

	Drug		Sewer	Special Allocation Funds			Community	Local Parks	2004	Natorium	Total	
	Enforcement	Recreation	Lateral Repair	City	Old	Lakeside	Development	And	Olympic	Foundation		
	Agency Fund	Fund	Program Fund	Centre	Town	Redevelopment	Block Grant Fund	Stormwater Fund	Diving Fund	Fund		
Assets												
Cash and cash equivalents - held by trustee	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,159,413	\$ 2,159,413
Cash and cash equivalents - unrestricted	123,527	884,220	371,139	1,495,542	1,311,289	26,078	—	611,000	—	—	—	4,822,795
Receivables, net of allowances:												
Taxes	—	—	—	285,550	—	—	—	92,958	—	—	—	378,508
Intergovernmental	—	—	—	—	—	—	83,589	—	—	—	—	83,589
Accrued Interest	—	—	—	—	—	—	—	—	—	—	10,461	10,461
Other	—	52,069	4,816	—	465	—	9,601	203,199	—	—	—	270,150
Long-term receivables	—	—	—	—	—	—	519,773	—	—	—	—	519,773
Inventory/prepays	—	20,870	—	—	—	—	—	—	—	—	—	20,870
Total Assets	\$ 123,527	\$ 957,159	\$ 375,955	\$ 1,781,092	\$ 1,311,754	\$ 26,078	\$ 612,963	\$ 907,157	\$ —	\$ 2,169,874	\$ 8,265,559	
Liabilities And Fund Balances												
Liabilities												
Accounts payable	\$ —	\$ 36,639	\$ 6,956	\$ —	\$ —	\$ 2,269	\$ 23,295	\$ 87,462	\$ —	\$ —	\$ —	\$ 156,621
Accrued liabilities	—	96,559	—	—	—	—	—	—	—	—	—	96,559
Deposits/guarantee bonds	—	102,394	5,000	—	—	—	—	—	—	—	—	107,394
Due to other funds	—	59,321	—	—	—	—	65,248	—	—	—	—	124,569
Deferred revenue	—	113,728	—	—	—	—	—	—	—	—	—	113,728
Other liabilities	—	64	—	—	—	—	—	—	—	—	—	64
Total Liabilities	—	408,705	11,956	—	—	2,269	88,543	87,462	—	—	—	598,935
Fund Balances												
Reserved for encumbrances	—	73,735	—	—	3,445	—	4,746	110,053	—	—	—	191,979
Reserved for capital improvements	—	145,307	—	—	—	—	—	310,000	—	—	—	455,307
Reserved for inventory/prepays	—	20,870	—	—	—	—	—	—	—	—	—	20,870
Reserved for long-term loans	—	—	—	—	—	—	519,773	—	—	—	—	519,773
Reserved for medical insurance	—	30,000	—	—	—	—	—	—	—	—	—	30,000
Reserved for natatorium foundation	—	—	—	—	—	—	—	—	—	—	2,169,874	2,169,874
Unreserved - undesignated	123,527	278,542	363,999	1,781,092	1,308,309	23,809	(99)	399,642	—	—	—	4,278,821
Total Fund Balances	123,527	548,454	363,999	1,781,092	1,311,754	23,809	524,420	819,695	—	2,169,874	7,666,624	
Total Liabilities And Fund Balances	\$ 123,527	\$ 957,159	\$ 375,955	\$ 1,781,092	\$ 1,311,754	\$ 26,078	\$ 612,963	\$ 907,157	\$ —	\$ 2,169,874	\$ 8,265,559	

CITY OF ST. PETERS, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended September 30, 2004

	Drug Enforcement Agency	Sewer Lateral Recreation Fund	Repair Program Fund	Special Allocation Funds			Community Development Block Grant Fund	Local Parks And Stormwater Fund	2004 Olympic Diving Fund	Natatorium Foundation Fund	Total
				City	Old	Lakeside					
				Centre	Town	Redevelopment					
Revenues											
Sales tax	\$ —	\$ —	\$ —	\$1,931,266	\$ 244,813	\$ 6,148	\$ —	\$ 1,081,465	\$ —	\$ —	\$3,263,692
Property tax	—	—	—	1,611,475	199,185	21,644	—	—	—	—	1,832,304
Utility franchise tax	—	—	—	2,707	—	—	—	—	—	—	2,707
Interest	1,401	10,706	3,438	17,199	16,223	444	—	6,151	355	180,003	235,920
Intergovernmental	—	—	—	—	—	—	350,804	124,295	—	—	475,099
Charges for services	—	3,172,591	480,541	—	—	—	—	—	367,083	—	4,020,215
Miscellaneous	—	56,845	—	—	—	—	—	1,580	12,130	4,865	75,420
Total Revenues	1,401	3,240,142	483,979	3,562,647	460,221	28,236	350,804	1,213,491	379,568	184,868	\$9,905,357
Expenditures											
General government	—	—	—	774,988	74,196	2,764	54,848	—	—	—	906,796
Administration	—	—	—	—	—	—	—	—	—	71,936	71,936
Public works	—	—	119,980	—	65,446	—	—	430,992	—	—	616,418
Parks and recreation	—	3,394,771	—	—	—	—	—	766,599	418,322	—	4,579,692
Capital outlay	—	—	—	275,000	—	—	80,038	—	—	—	355,038
Debt service	—	—	—	2,128,737	—	25,000	—	—	—	—	2,153,737
Total Expenditures	—	3,394,771	119,980	3,178,725	139,642	27,764	134,886	1,197,591	418,322	71,936	8,683,617
Revenues Over (Under)											
Expenditures	1,401	(154,629)	363,999	383,922	320,579	472	215,918	15,900	(38,754)	112,932	1,221,740
Other Financing Sources											
Operating transfers out	—	(30,000)	—	—	—	—	—	—	—	—	(30,000)
Revenues And Other Financing Sources Over (Under)											
Expenditures	1,401	(184,629)	363,999	383,922	320,579	472	215,918	15,900	(38,754)	112,932	1,191,740
Fund Balances											
Beginning of year	122,126	733,083	—	1,397,170	991,175	23,337	306,103	803,795	38,754	2,056,942	6,472,485
Prior period adjustment	—	—	—	—	—	—	2,399	—	—	—	2,399
Beginning balance as restated	122,126	733,083	—	1,397,170	991,175	23,337	308,502	803,795	38,754	2,056,942	6,474,884
End of year	\$123,527	\$ 548,454	\$ 363,999	\$1,781,092	\$ 1,311,754	\$ 23,809	\$ 524,420	\$ 819,695	\$ —	\$2,169,874	\$7,666,624

CITY OF ST. PETERS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - BUDGETED NONMAJOR GOVERNMENTAL FUNDS

Page 1 Of 3

For The Year Ended September 30, 2004

	Drug Enforcement Agency Fund			Recreation Fund			Sewer Lateral Repair Program Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues									
Interest	\$ —	\$ 1,401	\$ 1,401	\$ 10,000	\$ 10,706	\$ 706	\$ —	\$ 3,438	\$ 3,438
Charges for services	—	—	—	3,199,450	3,172,586	(26,864)	462,000	480,541	18,541
Miscellaneous	—	—	—	51,000	56,850	5,850	—	—	—
Total Revenues	—	1,401	1,401	3,260,450	3,240,142	(20,308)	462,000	483,979	21,979
Expenditures									
Administration	—	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	462,000	119,980	342,020
Parks and recreation	—	—	—	3,579,000	3,459,448	119,552	—	—	—
Total Expenditures	—	—	—	3,579,000	3,459,448	119,552	462,000	119,980	342,020
Revenues Over (Under) Expenditures	—	1,401	1,401	(318,550)	(219,306)	99,244	—	363,999	363,999
Other Financing Sources (Uses)									
Transfers out	—	—	—	(24,961)	(30,000)	(5,039)	—	—	—
Revenues And Other Financing Sources Over (Under) Expenditures	—	1,401	1,401	(343,511)	(249,306)	94,205	—	363,999	363,999
Fund Balances									
Budget basis:									
Unreserved:									
Beginning of year	122,126	122,126	—	567,468	567,468	—	—	—	—
Transfers from (to) reserved	—	—	—	29,100	11,249	(17,851)	—	—	—
End of year	122,126	123,527	1,401	253,057	329,411	76,354	—	363,999	363,999
Reserved:									
Beginning of year	—	—	—	156,557	156,557	—	—	—	—
Transfers from (to) unreserved	—	—	—	(29,100)	(11,249)	17,851	—	—	—
End of year	—	—	—	127,457	145,308	17,851	—	—	—
Budget basis, end of year	<u>\$ 122,126</u>	<u>123,527</u>	<u>\$ 1,401</u>	<u>\$ 380,514</u>	<u>474,719</u>	<u>\$ 94,205</u>	<u>\$ —</u>	<u>363,999</u>	<u>\$ 363,999</u>
Encumbrances, end of year	—	—	—	—	73,735	—	—	—	—
GAAP basis, end of year		<u>\$ 123,527</u>			<u>\$ 548,454</u>			<u>\$ 363,999</u>	

(Continued)

CITY OF ST. PETERS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - BUDGETED NONMAJOR GOVERNMENTAL FUNDS

Page 2 Of 3

For The Year Ended September 30, 2004

	Special Allocation Fund - City Centre			Special Allocation Fund - Old Town			Special Allocation Fund - Lakeside Redevelopment		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
	Revenues								
Sales tax	\$ 1,825,500	\$1,931,266	\$ 105,766	\$ 250,000	\$ 244,813	\$ (5,187)	\$ 1,590	\$ 6,148	\$ 4,558
Property tax	1,600,000	1,611,475	11,475	137,500	199,185	61,685	25,000	21,644	(3,356)
Utility franchise tax	—	2,707	2,707	—	—	—	—	—	—
Interest	10,000	17,199	7,199	2,000	16,223	14,223	—	444	444
Total Revenues	3,435,500	3,562,647	127,147	389,500	460,221	70,721	26,590	28,236	1,646
Expenditures									
General government	767,734	774,988	(7,254)	79,668	74,196	5,472	5,268	2,764	2,504
Public works	100,000	—	100,000	700,000	—	700,000	—	—	—
Debt service	2,131,025	2,128,737	2,288	—	—	—	25,000	25,000	—
Total Expenditures	2,998,759	2,903,725	95,034	779,668	74,196	705,472	30,268	27,764	2,504
Revenues Over (Under) Expenditures	436,741	658,922	222,181	(390,168)	386,025	776,193	(3,678)	472	4,150
Fund Balances									
Budget basis:									
Unreserved:									
Beginning of year	122,132	122,132	—	922,284	922,284	—	23,337	23,337	—
Transfers to reserved	(122,100)	(72,042)	50,058	—	—	—	—	—	—
End of year	436,773	709,012	272,239	532,116	1,308,309	776,193	19,659	23,809	4,150
Reserved:									
Beginning of year	1,000,038	1,000,038	—	—	—	—	—	—	—
Transfers from unreserved	122,100	72,042	(50,058)	—	—	—	—	—	—
End of year	1,122,138	1,072,080	(50,058)	—	—	—	—	—	—
Budget basis, end of year	<u>\$ 1,558,911</u>	<u>1,781,092</u>	<u>\$ 222,181</u>	<u>\$ 532,116</u>	<u>1,308,309</u>	<u>\$ 776,193</u>	<u>\$ 19,659</u>	<u>23,809</u>	<u>\$ 4,150</u>
Encumbrances, end of year		—			3,445			—	
GAAP basis, end of year		<u>\$1,781,092</u>			<u>\$1,311,754</u>			<u>\$ 23,809</u>	

(Continued)

CITY OF ST. PETERS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - BUDGETED NONMAJOR GOVERNMENTAL FUNDS

Page 3 Of 3

For The Year Ended September 30, 2004

	Community Development Block Grant Fund			Local Parks And Storm Water Fund			2004 Olympic Diving Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues									
Sales tax	\$ —	\$ —	\$ —	\$ 1,100,000	\$ 1,081,465	\$ (18,535)	\$ —	\$ —	\$ —
Interest	—	—	—	10,000	6,151	(3,849)	—	355	355
Intergovernmental	541,040	272,184	(268,856)	57,500	54,682	(2,818)	—	—	—
Charges for services	—	—	—	—	—	—	357,100	367,083	9,983
Miscellaneous	40,000	61,807	21,807	—	1,581	1,581	24,241	12,130	(12,111)
Total Revenues	581,040	333,991	(247,049)	1,167,500	1,143,879	(23,621)	381,341	379,568	(1,773)
Expenditures									
General government	507,493	327,925	179,568	—	—	—	—	—	—
Public works	73,547	1,419	72,128	306,665	263,183	43,482	—	—	—
Parks and recreation	—	—	—	683,335	561,753	121,582	415,056	418,322	(3,266)
Street construction	—	—	—	—	—	—	—	—	—
Total Expenditures	581,040	329,344	251,696	990,000	824,936	165,064	415,056	418,322	(3,266)
Revenues Over (Under) Expenditures	—	4,647	4,647	177,500	318,943	141,443	(33,715)	(38,754)	(5,039)
Other Financing Sources									
Operating transfers out	—	—	—	—	—	—	(5,039)	—	5,039
Revenues And Other Financing Sources Over Expenditures	—	4,647	4,647	177,500	318,943	141,443	(38,754)	(38,754)	—
Fund Balances									
Budget basis:									
Unreserved:									
Beginning of year	—	—	—	370,699	370,699	—	38,754	38,754	—
Transfers from (to) reserved	—	—	—	(290,000)	(290,000)	—	—	—	—
End of year	—	4,647	4,647	258,199	399,642	141,443	—	—	—
Reserved:									
Beginning of year	—	—	—	20,000	20,000	—	—	—	—
Transfers from (to) unreserved	—	—	—	290,000	290,000	—	—	—	—
End of year	—	—	—	310,000	310,000	—	—	—	—
Budget basis, end of year	<u>\$ —</u>	<u>4,647</u>	<u>\$ 4,647</u>	<u>\$ 568,199</u>	<u>709,642</u>	<u>\$ 141,443</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Budget basis grant income		(4,746)							
GAAP basis long term receivables		519,773							
Encumbrances, end of year		4,746			110,053				
GAAP basis, end of year		<u>\$ 524,420</u>			<u>\$ 819,695</u>			<u>\$ —</u>	

CITY OF ST. PETERS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - DEBT SERVICE FUND

For The Year Ended September 30, 2004

	Revised Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Property tax	\$ 2,211,400	\$ 2,240,548	\$ 29,148
Interest	40,000	28,011	(11,989)
Miscellaneous	—	29,268	29,268
Total Revenues	2,251,400	2,297,827	46,427
Expenditures			
Debt service	2,134,725	2,126,636	8,089
Revenues Over (Under) Expenditures	116,675	171,191	54,516
Fund Balances			
Budget basis:			
Unreserved:			
Beginning of year	1,920,386	1,920,386	—
End of year	2,037,061	2,091,577	54,516
Budget basis, end of year	<u>\$ 2,037,061</u>	<u>2,091,577</u>	<u>\$ 54,516</u>
Property tax - deferred revenue, end of year		(56,744)	
GAAP basis, end of year		<u>\$ 2,034,833</u>	

CITY OF ST. PETERS, MISSOURI

**SCHEDULE OF REVENUES, EXPENSES - BUDGET AND ACTUAL -
BUDGET BASIS - ENTERPRISE FUND -
WATERWORKS/SANITARY SEWER FUND -
(UTILITY OPERATING FUND)
For The Year Ended September 30, 2004**

	Revised Final Budget	Actual*	Variance With Final Budget - Positive (Negative)
Revenues			
Water and sewer	\$ 6,080,000	\$ 6,036,291	\$ (43,709)
Interest	85,000	93,368	8,368
Miscellaneous	1,025,850	1,087,079	61,229
Total Revenues	7,190,850	7,216,738	25,888
Expenses			
Personnel costs	2,779,025	2,693,433	85,592
Utilities	410,150	428,971	(18,821)
Purchased water	420,000	307,910	112,090
Wastewater treatment costs	86,000	112,545	(26,545)
Repairs and maintenance	478,330	443,759	34,571
Professional services	645,200	597,516	47,684
Gas and fuel	37,800	43,861	(6,061)
Rent	30,900	32,310	(1,410)
Supplies and other expenses	518,840	580,247	(61,407)
Total Expenses	5,406,245	5,240,552	165,693
Net Revenues Before Capital Expenditures And Debt Service And Fees			
	1,784,605	1,976,186	191,581
Capital expenditures	360,800	284,156	76,644
Debt service and fees	1,585,000	1,572,735	12,265
Revenues Over (Under) Expenses	\$ (161,195)	\$ 119,295	\$ 102,672

* The City adopts a separate budget for the utility operating fund (part of the waterworks/sanitary sewer enterprise fund). Actual amounts presented above include amounts encumbered at year end which are treated as expenditures for purposes of the budget to actual comparison. Additionally, capital expenditures and bond principal payments are recognized as expenses for budget purposes.

CITY OF ST. PETERS, MISSOURI

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
BUDGET BASIS - ENTERPRISE FUND - SOLID WASTE FUND
For The Year Ended September 30, 2004**

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Trash collection	\$ 2,960,100	\$ 3,053,413	\$ 93,313
Miscellaneous	113,000	94,506	(18,494)
Interest	—	13	13
Total Revenues	3,073,100	3,147,932	74,832
Expenses			
Personnel costs	1,484,040	1,458,953	25,087
Utilities	15,400	12,766	2,634
Landfill fees	826,050	823,650	2,400
Repairs and maintenance	252,925	245,929	6,996
Capital expenditures	217,000	145,505	71,495
Professional services	34,270	30,078	4,192
Gas and fuel	75,000	88,038	(13,038)
Rent	5,315	471	4,844
Other expenses	224,300	254,312	(30,012)
Total Expenses	3,134,300	3,059,702	74,598
Revenues Over (Under) Expenses	\$ (61,200)	\$ 88,230	\$ 149,430

CITY OF ST. PETERS, MISSOURI

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -
BUDGET BASIS - ENTERPRISE FUND -
CENTRAL MATERIALS PROCESSING FACILITY FUND
For The Year Ended September 30, 2004**

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Tipping fees	\$ 1,788,700	\$ 1,738,817	\$ (49,883)
Recycling fees	499,250	498,621	(629)
Sales of recyclables	891,650	1,054,399	162,749
Earth Centre	211,500	206,234	(5,266)
Interest	1,000	4,373	3,373
Miscellaneous	133,400	78,323	(55,077)
Total Revenues	3,525,500	3,580,767	55,267
Expenses			
Personnel costs	1,313,865	1,275,077	38,788
Landfill fees	1,426,100	1,244,078	182,022
Utilities	67,930	57,478	10,452
Capital expenditures	343,900	260,032	83,868
Professional services	16,180	7,695	8,485
Repairs and maintenance	84,200	79,494	4,706
Gas and fuel	16,000	19,349	(3,349)
Supplies and other expense	289,860	282,030	7,830
Total Expenses	3,558,035	3,225,233	332,802
Revenues Over (Under) Expenses	\$ (32,535)	\$ 355,534	\$ 388,069

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Part III - Statistical Section

Table 1

CITY OF ST. PETERS, MISSOURI
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION-BUDGET BASIS (1)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

FUNCTION	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
General Government	\$2,402	\$1,831	\$1,444	\$2,888	\$1,739	\$898	\$640	\$594	\$848	\$660
Administration	4,926	4,828	5,023	4,837	4,373	4,361	3,704	3,500	3,643	2,617
Police	8,465	8,251	8,276	8,076	7,338	6,354	5,142	4,922	4,073	3,853
Municipal Court(2)	324	294	263	245	217	196	175	124	135	136
Public Works	5,725	6,045	5,440	5,841	4,976	4,956	4,142	2,135	2,570	2,390
Engineering	2,126	1,912	1,906	1,815	1,662	1,750	1,409	1,421	1,370	1,110
Maintenance	728	750	713	706	660	671	709	668	658	506
Health	535	525	569	517	454	441	330	413	309	463
Parks and Recreation	8,158	7,829	7,492	7,502	7,608	7,876	5,550	5,468	4,707	3,791
Community Relations	703	782	746	730	767	618	415	404	374	333
Community and Arts Center	223	279	275	251	309	290	295	246	204	197
Street Construction	3,614	8,583	7,138	7,914	4,548	8,789	10,076	7,265	6,176	8,765
Debt Service	4,280	4,198	3,322	2,816	2,353	2,327	2,392	2,388	2,426	2,643
Total	<u>\$42,209</u>	<u>\$46,107</u>	<u>\$42,607</u>	<u>\$44,138</u>	<u>\$37,004</u>	<u>\$39,527</u>	<u>\$34,979</u>	<u>\$29,548</u>	<u>\$27,493</u>	<u>\$27,464</u>

(1) Includes general, special revenue, and debt service funds.

(2) Included as part of Police expenditures prior to fiscal year 1995.

(3) Included as part of Community Relations expenditures prior to fiscal year 1995.

Table 2

CITY OF ST. PETERS, MISSOURI
GENERAL GOVERNMENTAL REVENUES BY SOURCE-BUDGET BASIS (1)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

SOURCE	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Taxes	\$32,155	\$30,191	\$29,757	\$27,101	\$25,526	\$0	\$23,676	\$20,337	\$18,790	\$17,918
Licenses and Permits	1,167	845	1,030	926	643	476	389	376	402	415
Interest	261	307	388	1,056	1,302	1,468	2,239	1,618	1,647	1,661
Intergovernmental	5,163	7,895	6,501	5,763	4,872	3,845	4,792	4,300	4,801	8,301
Fines and Forfeitures	1,573	1,353	1,373	982	969	1,043	762	700	541	528
Charges for Services	4,334	3,527	3,499	3,294	3,396	3,487	3,525	3,014	2,610	2,455
Miscellaneous	886	1,781	2,343	829	1,006	370	283	218	377	96
Total	\$45,539	\$45,899	\$44,891	\$39,951	\$37,714	\$10,689	\$35,666	\$30,563	\$29,168	\$31,374

(1) Includes general, special revenue, and debt service funds.

Table 3

CITY OF ST. PETERS, MISSOURI
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE-BUDGET BASIS (1)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

SOURCE	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Sales Tax	\$19,699	\$18,753	\$18,799	\$16,589	\$15,798	\$14,216	\$13,789	\$12,935	\$11,750	\$11,437
Use Tax (2)	-	-	-	(9)	(10)	(170)	1,289	-	-	-
Property Tax	9,420	8,543	8,189	7,476	7,212	6,525	6,121	5,101	4,769	4,433
Utility Franchise Tax:										
Electric	1,654	1,656	1,691	1,630	1,643	1,602	1,580	1,428	1,445	1,362
Gas	803	719	553	894	500	447	505	522	479	349
Cablevision	366	318	319	307	161	149	139	127	122	108
Cigarette Tax	213	202	206	214	222	243	253	224	225	229
Total	\$32,155	\$30,191	\$29,757	\$27,101	\$25,526	\$23,012	\$23,676	\$20,337	\$18,790	\$17,918

(1) Includes general, special revenue, and debt service funds.

(2) Use tax revenue relates to a local use tax enacted at the State level that was held by the courts to be invalid for future years. The revenue recognized represents the non-refundable portion of the use tax collected by the City. The ability to collect use tax in future years is contingent on voter approval. No such proposition has been submitted to the voters at this time.

Table 4

CITY OF ST. PETERS, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENTAGE OF CURRENT TAXES COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>RATIO OF OUTSTANDING DELINQUENT TAXES TO TOTAL TAX LEVY</u>
1995	4,210	4,154	98.67%	123	4,277	101.59%	148	3.52%
1996	4,536	4,455	98.21%	78	4,533	99.93%	151	3.33%
1997	4,755	4,696	98.76%	93	4,789	100.72%	117	2.46%
1998	5,452	5,366	98.42%	60	5,426	99.52%	143	2.62%
1999	5,571	5,494	98.62%	93	5,587	100.29%	127	2.28%
2000	6,106	6,032	98.79%	53	6,085	99.66%	148	2.42%
2001	6,111	6,010	98.35%	91	6,101	99.84%	157	2.57%
2002	6,620	6,506	98.28%	92	6,597	99.65%	179	2.70%
2003	6,793	6,649	97.88%	115	6,764	99.57%	208	3.06%
2004	7,239	7,122	98.38%	136	7,258	100.26%	189	2.61%

Table 5

CITY OF ST. PETERS, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY(1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	\$ 360,543,736	\$ 1,599,190,051	\$ 90,799,211	\$ 272,670,303	\$ 451,342,947	\$ 1,871,860,354	24.11%
1996	385,235,344	1,718,572,159	99,218,910	297,954,685	484,454,254	2,016,526,844	24.02%
1997	397,499,362	1,780,611,526	109,322,920	328,297,057	506,822,282	2,108,908,583	24.03%
1998	461,162,549	2,063,239,522	122,032,142	366,462,889	583,194,691	2,429,702,411	24.00%
1999	467,821,768	2,097,380,772	123,053,660	369,530,511	590,875,428	2,466,911,283	23.95%
2000	517,402,539	2,330,679,354	132,109,974	396,726,649	649,512,513	2,727,406,003	23.81%
2001	530,444,834	2,387,450,492	144,782,271	434,346,813	675,227,105	2,821,797,305	23.93%
2002	584,499,084	2,635,570,590	148,459,133	445,377,399	732,958,217	3,080,947,989	23.79%
2003	594,223,029	2,676,872,745	149,798,119	449,394,357	744,021,148	3,126,267,102	23.80%
2004	695,431,407	3,160,862,405	150,135,655	450,857,823	845,567,062	3,611,720,228	23.41%

(1) Property is subclassified for purposes of assessment as follows:
 (i) commercial real property - 32% of true value, (ii) residential real property - 19% of true value, (iii) agricultural property - 12% of productivity value, and (iv) personal property - 33-1/3% of book value.

Source: Office of the St. Charles County Clerk.

Table 6

CITY OF ST. PETERS, MISSOURI
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per \$100 of Assessed Valuation)
Overlapping School Districts(1)

Fiscal Year	Fort Zumwalt			St. Charles			Francis Howell			St. Charles County Community College		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
1995	\$3.2300	\$0.8600	\$4.0900	\$3.4500	\$0.4000	\$3.8500	\$3.7500	\$0.8900	\$4.6400	\$0.1300	\$0.1200	\$0.2500
1996	3.2400	0.8600	4.1000	3.6100	0.4100	4.0200	4.2900	0.8900	5.1800	0.1300	0.1200	0.2500
1997	3.2100	0.8900	4.1000	3.6500	0.4100	4.0600	4.2900	0.8900	5.1800	0.1300	0.1200	0.2500
1998	3.6000	0.8900	4.4900	3.5200	0.4900	4.0100	4.0500	0.8900	4.9400	0.1300	0.1200	0.2500
1999	3.6200	0.9000	4.5200	3.8200	0.4500	4.2700	4.0000	0.9400	4.9400	0.1700	0.0800	0.2500
2000	3.4700	0.9000	4.3700	3.7200	0.5500	4.2700	3.9500	0.9400	4.8900	0.1700	0.0800	0.2500
2001	3.4700	0.9000	4.3700	3.7252	0.5448	4.2700	3.8900	0.9400	4.8300	0.1700	0.0800	0.2500
2002	3.3534	0.9000	4.2534	3.6086	0.6614	4.2700	3.7618	0.9313	4.6931	0.1673	0.0800	0.2473
2003	3.3538	0.9000	4.2538	3.4199	0.8501	4.2700	3.7607	0.9313	4.6920	0.1635	0.0800	0.2435
2004	3.5538	0.7000	4.2538	3.4052	1.1648	4.5700	3.7307	0.6713	4.4020	0.1518	0.0800	0.2318

(1) The City is served by three school districts and the St. Charles County Community College District, which began operations in 1986. While all three school districts overlap the City, none of the school districts overlap another school district.

Source: Tax rates provided by respective school district.

CITY OF ST. PETERS, MISSOURI
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per \$100 of Assessed Valuation)

Fiscal Year	City of St. Peters			St. Charles County			School District(1)	Others(2)	Total
	Operating	Debt Service	Total	Operating	Debt Service	Total			
1995	\$ 0.2800	\$ 0.6500	\$ 0.9300	\$ 0.3100	\$ 0.0400	\$ 0.3500	\$ 4.8900	\$ 1.2000	\$ 7.3700
1996	0.6800	0.2500	0.9300	0.3000	0.0300	0.3300	5.4300	1.2400	7.9300
1997	0.6800	0.2500	0.9300	0.3000	0.0300	0.3300	5.4300	1.2400	7.9300
1998	0.6800	0.2500	0.9300	0.2900	0.0300	0.3200	5.1900	1.1900	7.6300
1999	0.6600	0.2700	0.9300	0.2800	0.0200	0.3000	5.1900	1.2400	7.6600
2000	0.6600	0.2700	0.9300	0.2600	0.0200	0.2800	5.1400	1.2300	7.5800
2001	0.6400	0.2600	0.9000	0.2600	0.0100	0.2700	5.0800	1.2300	7.4800
2002	0.6400	0.2600	0.9000	0.2480	0.0013	0.2493	4.9404	1.2951	7.3848
2003	0.6400	0.2600	0.9000	0.2475	-	0.2475	4.9355	1.3149	7.3979
2004	0.5890	0.2610	0.8500	0.2300	-	0.2300	4.8018	1.1884	7.0702

- (1) The City is served by three school districts and the St. Charles County Community College District, which began operations in 1986. While all three school Districts overlap the City, none of the school districts overlap another school district. Accordingly, the tax rate for the School District represents the largest rate for a school district in any year plus the tax rate for the Community College.
- (2) Includes the tax rate for Central County Fire and Rescue, St. Charles County Ambulance District, Handicapped Facilities Board, St. Charles County Dispatch & Alarm Agency and St. Charles County Library District.
- (3) In addition to the tax rate shown, there is a \$.53 tax rate (surcharge) imposed on all Real Estate Sub-Class 3, Commercial properties located in St. Charles County.

Table 7

CITY OF ST. PETERS, MISSOURI
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population(1)	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995	48,100	\$ 451,342,947	\$ 25,400,000	\$ 827,698	\$ 24,572,302	5.44%	511
1996	49,000	484,454,254	24,600,000	898,658	23,701,342	4.89%	484
1997	49,500	506,822,282	24,270,000	1,138,767	23,131,233	4.56%	467
1998	50,300	583,194,691	23,240,000	1,202,106	22,037,894	3.78%	438
1999	50,850	590,875,428	22,435,000	970,755	21,464,245	3.63%	422
2000	51,381	649,512,513	31,205,000	1,381,538	29,823,462	4.59%	580
2001	53,000	675,227,105	29,995,000	1,719,317	28,275,683	4.19%	534
2002	56,000	732,958,217	30,905,000	1,865,237	29,039,763	3.96%	519
2003	57,000	744,021,148	29,250,000	1,860,174	27,389,826	3.68%	481
2004	57,000	845,567,062	28,080,000	2,034,833	26,045,167	3.08%	457

(1) Estimates made by the City.

Table 8

CITY OF ST. PETERS, MISSOURI
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total General Governmental Expenditures (4)	Ratio of Debt Service to General Governmental Expenditures
1995	\$ 955	\$ 1,688	\$ 2,643	\$ 27,464	9.6%
1996	800	1,626	2,426	27,493	8.8%
1997	550	1,838 (1)	2,388	29,548	8.1%
1998	1,030	1,362	2,392	34,979	6.8%
1999	1,075	1,252 (2)	2,327	39,527	5.9%
2000	1,230	1,123	2,353	37,004	6.4%
2001	1,210	1,604	2,814	44,138	6.4%
2002	1,590	1,519	3,109	42,607	7.3%
2003	1,655	1,635	3,290	46,107	7.1%
2004	1,365	1,998 (3)	3,363	42,209	8.0%

(1) Includes \$ 581,000 contribution from bond reserves toward the refunding of the 1988 and 1989 general obligation bonds.

(2) Includes \$ 247,000 contribution from bond reserves toward the refunding of the 1993 general obligation bonds.

(3) Includes \$706,483 contribution toward the refunding of the 1999 general obligation bonds.

(4) Total General Governmental Expenditures are budget based.

CITY OF ST. PETERS, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2004

Jurisdiction	Net General Obligation Bonded Debt Outstanding(1)	Percentage Applicable to St. Peters(2)	Amount Applicable to St. Peters
Direct:			
City of St. Peters	\$28,080,000	100.00%	\$28,080,000
Overlapping:			
St. Charles County Ambulance District	\$5,325,000	16.60%	\$883,950
Central County Fire and Rescue	8,895,000	66.94%	5,954,313
St. Charles County Community College	50,065,000	16.50%	8,260,725
St. Charles School District	77,552,347	6.99%	5,420,909
Fort Zumwalt School District R-II	112,825,000	30.01%	33,858,783
Francis Howell School District	170,013,987	21.31%	36,229,981
Total Overlapping	\$424,676,334		\$90,608,660
Total Direct And Overlapping Bonded Debt	\$452,756,334		\$118,688,660

(1) Outstanding bond amounts were provided by the respective taxing district and excludes \$3,522,000 of Neighborhood Improvement District Bonds which are a general obligation of St. Charles County but are to be paid by special assessments levied in the Neighborhood Improvement District.

(2) Percentages were based on total assessment data provided by the respective taxing district and by the office of the St. Charles County Assessor.

Table 10

CITY OF ST. PETERS, MISSOURI
REVENUE BOND COVERAGE
WATERWORKS/SANITARY SEWER FUND-BUDGET BASIS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest and Fees	Total	
1995	\$ 4,903	\$ 2,774	\$ 2,129	\$ 675	\$ 815	\$ 1,490	1.429
1996	5,351	3,139	2,212	705	783	1,488	1.487
1997	5,714	3,760	1,954	790	740	1,530	1.277
1998	5,501	3,929	1,572	825	695	1,520	1.034
1999	5,834	4,242	1,592	865	645	1,510	1.054
2000	6,129	4,375	1,754	910	592	1,502	1.168
2001	6,588	4,929	1,659	985	532	1,517	1.094
2002	6,782	5,050	1,732	1,045	452	1,497	1.157
2003	6,934	4,854	2,080	1,240	248	1,488	1.398
2004	7,217	5,241	1,976	1,390	183	1,573	1.256

(1) Represents total budget basis operating expenses less capital outlay.

Table 11

**CITY OF ST. PETERS, MISSOURI
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2004**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Value</u>	<u>Percentage of Total Assessed Valuation(1)</u>
Westfield America	Shopping Mall	\$19,376,930	2.29%
Reckitt & Benckiser	Chemicals	12,210,589	1.44%
Costco Wholesale Corp	Membership Department Store	6,604,419	0.78%
Turnberry Apartments LLC	Apartments	4,469,150	0.53%
May Co, Inc.	Department Store	4,036,115	0.48%
Wentzway Corp	Strip Mall	3,114,300	0.37%
Jungs Station Association	Apartments	3,069,080	0.36%
Grewe Limited Partnership	Strip Mall	2,899,070	0.34%
JD Development of Maryland	Home Depot	2,742,232	0.32%
Sears Roebuck and Co	Department Store	2,371,040	0.28%

(1) Based on 2003 assessed valuation equal to \$845,567,062

Source: Office of the St. Charles County Assessor.

CITY OF ST. PETERS, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population(1)</u>	<u>Per Capita Income(2)</u>	<u>Unemployment Rate(3)</u>
1995	48,100	\$ -	3.00%
1996	49,000	-	2.60%
1997	49,500	-	2.40%
1998	50,300	-	2.80%
1999	50,850	-	1.50%
2000	51,381	22,792	2.20%
2001	53,000	-	na
2002	56,000	-	na
2003	57,000	-	na
2004	57,000	-	na

School Enrollment Last Ten Years(4)

<u>Year</u>	<u>Fort Zumwalt</u>	<u>St. Charles</u>	<u>Francis Howell</u>
1995	11,449	6,380	16,413
1996	12,595	6,561	17,325
1997	13,720	6,587	18,240
1998	14,488	6,338	18,108
1999	16,000	6,205	18,831
2000	15,973	6,205	18,832
2001	16,526	6,190	18,831
2002	17,281	6,090	18,649
2003	18,063	5,876	18,389
2004	18,156	5,876	18,360

- (1) All figures are estimates made by the City except for 2000 which is an official count from the United State Census Bureau.
(2) Per capita income represents the periodic estimates made by the Bureau of Census.
(3) All figures are estimates of the Missouri Division of Employment Security.
(4) Data provided by the respective school districts prior to the year 2000 and thereafter from the Missouri Department of Elementary and Secondary Education.

Table 13

CITY OF ST. PETERS, MISSOURI
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Year	Property Value				Commercial Construction(1)		Residential Construction(2)	
	Residential	Commercial	Agricultural	Total	Number Of Units	Value	Number Of Units	Value
1995 (3)	\$ 1,156,450,105	\$ 438,447,113	\$ 4,292,833	\$ 1,599,190,051	29	\$ 28,914,889	381	\$ 41,791,488
1996	1,259,878,053	454,076,106	4,618,000	1,718,572,159	44	37,487,781	340	38,310,621
1997	1,320,006,163	457,127,738	3,477,625	1,780,611,526	50	25,961,590	327	32,986,885
1998	1,526,562,921	533,572,009	3,104,592	2,063,239,522	45	23,366,288	365	36,492,082
1999	1,559,386,211	534,895,203	3,099,358	2,097,380,772	58	47,951,903	264	26,328,171
2000	1,750,733,379	575,848,400	4,097,575	2,330,679,354	58	38,154,195	150	12,095,946
2001	1,790,658,526	593,023,391	3,768,575	2,387,450,492	40	24,923,011	823	49,161,645
2002	1,979,351,652	648,379,988	7,838,950	2,635,570,590	37	47,701,387	218	24,285,105
2003	2,006,578,226	662,689,119	7,605,400	2,676,872,745	79	61,680,082	431	55,996,636
2004	2,416,081,942	735,010,913	9,769,550	3,160,862,405	65	39,599,803	289	38,197,045

(1) Excludes permits issued for miscellaneous purposes and tenant finishes.

(2) Excludes permits issued for miscellaneous purposes.

(3) The decline in commercial property assessment and increase in residential assessment is attributable to a legislative change which reclassified apartments from commercial to residential.

Source: Property values were provided by the St. Charles County Clerk.
Construction data from the City of St. Peters, Missouri.

CITY OF ST. PETERS, MISSOURI
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2004

Date of Incorporation	1910
Form of Government	City Administrator
Number of employees (excluding police officers):	
Full-time	287
Part-time and seasonal	275
Area in square miles	22.059
City of St. Peters facilities and services:	
Miles of streets	225
Number of street lights	2,398
Culture and recreation:	
Community centers:	
City Hall	1
Community and Arts Center	1
Sports Center(gymnasium)	1
Senior Citizen Center(includes a fitness trailer)	1
REC-PLEX(2 pools; 2 ice rink(one seasonal); gymnasium; fitness facilities)	1
Parks	19
Park acreage	685.71
Golf Courses	1
Outdoor swimming pools	3
Tennis Courts	7
Miles of hiking/biking trails	10.05
Police Protection:	
Number of stations	1
Number of police officers	86
Average number of physical arrests per month	336
Average number of calls for service per month	3,465
Sewerage System:-	
Miles of sanitary sewers	215
Number of treatment plants	1
Number of service connections	17,294
Daily average treatment in gallons	5,930,000
Daily capacity of treatment plant in gallons	6,900,000
Miles of storm sewers	134
Water System:	
Miles of water mains	242
Number of service connections	15,955
Number of fire hydrants	1,959
Daily average consumption in gallons	5,010,000
Maximum daily capacity in gallons:	
Water treatment plant	6,000,000
City of St. Louis system(per contract)	9,858,000

CITY OF ST. PETERS, MISSOURI
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2004

Facilities and services not included in the reporting entity:

Fire Protection(1):	
Number of stations	6
Number of employees:	
Full-time	75
Volunteers	0
Average number of calls per month	341
Average number of inspections conducted per month	291
Education:	
Number of elementary schools(2)	17
Number of certified elementary school instructors(2)	812
Number of secondary schools(2)	5
Number of certified secondary school instructors(2)	582
Number of community colleges(3)	1
Hospitals:	
Number of hospitals	1
Number of licensed patient beds	111

Largest Employers:

Number of employees:	
Barnes St. Peters Hospital	612
Fort Zumwalt School District R-II	534
City of St. Peters	495
Reckitt & Benckiser Inc.	400
Continental AFA	247
Schnucks	201
Francis Howell School District R-III	197
Boone Center Inc	189
United Services Inc.	150
Woodbridge Foam Manufacturing	134

- (1) Two districts provide fire protection to the City. During fiscal year 1998, St. Peters Fire Protection District consolidated with St. Charles Fire Protection District forming Central County Fire and Rescue. These statistics are for Central County Fire and Rescue as it covers the majority of the City.
- (2) These numbers reflect private schools and schools in the public districts that service residents of the City of St. Peters.
- (3) The community college campus is less than one mile from the City limits.