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Comprehensive Annual Financial Report, 2003

City of Des Peres

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CITY OF DES PERES, MISSOURI

**Comprehensive Annual Financial Report
For the Fiscal Year Ending December 31, 2003**

CITY OF DES PERES, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2003**

Prepared by the Finance Department

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INTRODUCTORY

INTRODUCTORY SECTION



**City of Des Peres
Missouri**

June 15, 2004

Honorable Rick Lahr
Mayor, City of Des Peres, Missouri
Members of the Board of Aldermen and
Members of the Audit & Finance Committee

Ladies and Gentlemen:

We hereby transmit this comprehensive annual financial report of the City of Des Peres, Missouri (hereinafter referred to as "City") for the fiscal year ending December 31, 2003. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report has been prepared following the guidelines recommended by the Government Finance Officers' Association of the United States and Canada (GFOA). That association awards *Certificates of Excellence in Financial Reporting* to those governments whose annual financial reports are judged to conform substantially with the high standards of public financial reporting including U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). It is our belief that the accompanying Fiscal Year 2003 Financial Report meets program standards and it is our intention to submit to GFOA for review and consideration for that award.

In accordance with the above mentioned guidelines, the accompanying report consists of three (3) parts:

1. Introductory Section - including the letter of transmittal, a list of City Officials and the City's 2003 Organizational Chart.

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Relay Missouri 1-800-735-2966 TDD
www.desperesmo.org

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2. Financial Section - including the financial statements and supplemental data of the government accompanied by our independent auditor's report on the financial statements and schedules.
 3. Statistical Section - including a number of tables of unaudited data depicting the financial history of the government for the past ten (10) years, information on overlapping governments and demographic and other miscellaneous information.
- The Code of Ordinances of the City of Des Peres, Missouri requires that the financial statements of the City be audited by a certified public accountant. That requirement has been complied with and the opinion of our auditor, Hochschild Bloom & Company LLP, is included in the financial section of this report.

ECONOMIC CONDITION AND OUTLOOK

The City is a political subdivision incorporated in 1934 currently operating with a mayor-council-administrator form of government under the fourth-class City statutes of the State of Missouri. The City is located in St. Louis County approximately seven (7) miles west of the City of St. Louis.

The City is a high-end residential community of 3,100 single-family residential homes and an estimated population of 8,600. The City enjoys high residential property values with a median value of \$253,000 and a high median family income of \$106,195. The demographics of the suburban communities surrounding Des Peres are equally strong.

The City enjoys a high concentration of commercial development concentrated at the intersection of two major thoroughfares - Manchester Road (State Route 100) and Interstate 270. The Missouri Department of Transportation (MoDOT) has labeled this intersection as one of the busiest in the State of Missouri and completed construction of a \$43 million redesign of the intersection in 2001 to accommodate both the traffic and the needs of the new Westfield Shoppingtown West County.

The City is home to the recently redeveloped Westfield Shoppingtown West County - a 1.2 million square foot regional shopping center featuring five (5) anchor stores - Famous Barr, Nordstrom, JC Penney, Lord & Taylor and Galyan's. That redevelopment was possible through creation of a Tax Increment Finance District (Manchester-Ballas Redevelopment Area) in January 1, 1997 and included \$29.8 million in TIF assistance in the form of developer's notes. Construction of the project commenced in January 2001 with the demolition of the old 500,000 square foot retail center and required nearly 18 months to reconstruct. Westfield Shoppingtown West County reopened on September 20, 2002.

The financial strength of this project was demonstrated when the City was able to sell \$40,115,000 in TIF Bonds to refund the developer notes and accrued interest on those notes on September 2, 2002. Those bonds were fully sold in less than two days time

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before the actual opening of the new mall. The importance of this project to the overall economy of the St. Louis region cannot be understated and was evident by the strong showing of interest in this project by federal, state and county leaders, many of whom attended the grand reopening. The redevelopment of the shopping center, together with existing statutory authority to level local option sales taxes at a rate up to two and one half percent, has well-positioned the City financially for years to come.

In addition to the regional mall, the City is fortunate to enjoy a concentration of other commercial centers to provide additional local retail and service opportunities at other strip malls located within the community including Colonnade Center, Des Peres Commons, Des Peres Square, Olympic Oaks Village, Sam's and Schnuck's Center.

Commercial office represents a large component of the local economy. Des Peres with nearly 1.5 million square feet within the City limits and an additional 1,000,000 square feet immediately adjoining the City at Manchester and I-270. Des Peres is home to the corporate headquarters for Edward Jones, a large investment banking company, and Southwest Bank. The corporate headquarters for Charter Communication immediately adjoins the City. SBC has a strong presence in the community including three (3) major office complexes housing a customer service center, Cingular and SBC Publications. This strong office presence provides a synergy of activity that compliments the retail and high end residential needs of the City.

The City has experienced the same economic doldrums as the balance of the country and region. The economic downturn and related economic uncertainty resulted in lower than expected sales tax revenues from both the regional shopping center and the City as a whole. In addition, the general economic conditions in the region have resulted in a substantial diminution of new commercial development activity with few substantive retail or office projects approved in 2003. New commercial construction during the past year was limited to The Elephant Bar, a 6,000 square foot restaurant on an outparcel at West County Center; Phase II of the Perrico Building, a 25,000 square foot office development housing an area office of Edward Jones; and commencement of construction of a 102 bed Sunrise Assisted Living Center and a new Red Robin Restaurant both of which will open in the fall of 2004.

The City is well positioned as we enter 2004 to take advantage of the recovering economy. While West County Center underperformed in 2003 compared to the financial proforma developed by The Franzen Group prior to its opening, its performance was sufficient to meet all current TIF obligations, allow for early retirement of \$1.4 million in 2012 TIF bonds and to make a payment of \$600,000 to other taxing jurisdictions representing a pass-thru of nearly forty-five (45%) percent of the incremental increase in real estate taxes generated by the project. During 2004 the City expects the center to continue to fully lease and upgrade its tenant mix and embark on an aggressive regional advertising campaign to distinguish West County Center from the other shopping centers in the region.

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As an older community, Des Peres is largely built-out. This is particularly true in its commercial corridor where only three (3) significant potential commercial sites remain available for development or redevelopment. The City has one new residential subdivision under construction - Belerosa Estates with 29 lots and anticipates two new subdivisions along Des Peres Road to be proposed in 2004 involving upwards of 30-50 acres. Homes in new subdivisions in the southwest quadrant of the City typically are priced starting at \$650,000. In addition, the City is experiencing a boom in residential in-fill development in older neighborhoods with demolition of older homes priced generally under \$200,000 and their replacement by new homes being offered for sale starting at \$500,000. The City does not levy a property tax which was abolished in 1995.

MAJOR INITIATIVES

Des Peres is a City of parks with approximately eighty (80) acres of active recreation uses provided in four (4) parks. The flagship of the park system is the 45 acre Des Peres Park which includes lighted tennis facilities, unlighted multi-purpose ball fields, a two acre lake, gazebo, pavilion and other picnic facilities and is home to the Des Peres Government Center. In addition, the City in partnership with the Missouri Department of Conservation controls two (2) additional sites totaling 23 acres under the Urban Wildacres Program for future use as preservation areas. In addition, the City has been recognized for twenty (21) years by the Missouri Department of Conservation with its Tree City USA designation for its commitment to urban forestry.

In November 2003, the City opened The Lodge Des Peres - a new 76,000 square foot community center at 1050 Des Peres Road. The facility features a gymnasium with elevated 1/8 mile track, a 6,000 square foot fitness center with cardio theater, steam and sauna, large whirlpool, skim out slide and a zero depth indoor wave pool - the first located in the midwest. The facility also offers to the community high-end meeting and banquet space, a large lobby for community gathering and networking and classrooms for recreational programming. The outdoor components opened Memorial Day 2004 and include a lazy river, two slides, cool spa and zero entry splash pool. In addition, the outdoor facility features a spray garden for young and old alike. Community reaction to the facility has been overwhelmingly positive. Memberships, both in sheer number and dollar revenues have exceeded expectations for 2004. While the facility is performing well compared to similar facilities in other cities in the metropolitan area, the City still anticipates it will be necessary to subsidize its operations by \$250,000 per year.

A major initiative during 2004 involves a review of the condition of the physical structures and mechanical conditions in the two other major buildings owned by the City - the Des Peres Government Center and the Public Safety Building. The Des Peres Government Center, a 100+ year old building, was last renovated in 1994 with new roof and windows but whose HVAC systems were last upgraded in 1976. The Des Peres Public Safety Building, housing police and fire operations, was constructed in 1992. The purpose of the study is to identify short-term and long-term maintenance needs and to

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assess the ability of the buildings in their current configurations to meet departmental needs in the next decade.

FINANCIAL INFORMATION

The City maintains its general accounting records on a modified accrual basis for all fund types and account groups. The City operates seven (7) separate funds for accounting purposes: General Fund, Park Fund, Capital Improvement Fund, Recreation Center Fund, Debt Service Fund, the Sewer Lateral Fund and the TIF Fund. In addition, the City maintains two account groups: Fixed Assets and Long-Term Debt.

Under the modified accrual basis, revenues are recognized when measurable and available. "Available" means collected within the current period or soon enough thereafter to be used to pay liabilities for the current period. In practical terms, this means that the City accrues its sales tax revenues for a two (2) month period following year-end and other major revenue sources for one (1) month including utility taxes and state shared revenues. Real estate taxes would be recognized in the year in which they were billed and payable except the City does not levy any real or personal property taxes. Memberships and recreation program fees are recorded on a full accrual basis at the time of receipt and recognized as revenues when the related services are provided. Licenses, permits, fines and user fees are not susceptible to accrual and are recognized as revenues when received. Expenditures are recognized when the related fund liability is incurred.

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

Budgetary Controls

In addition to its internal accounting controls, the City exercises budgetary controls through its purchasing and payment processes. The objective of these controls is to ensure compliance with the legal provisions embodied in the annual appropriations budgeted by the Board of Aldermen.

Missouri state law requires that a City must adopt an annual budget whose expenses may not exceed its revenues together with any unappropriated reserves accumulated for prior years. City ordinances require that the City Administrator must prepare an annual budget for review and approval by the Mayor and Board of Aldermen and that no expenditures may be made in excess of the approved budget. By Ordinance, any purchase in excess of

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three thousand dollars (\$3,000.00) requires bidding and Board of Aldermen approval prior to purchase. All invoices in excess of one thousand dollars (\$1,000.00) require Board of Aldermen approval prior to payment. All invoices, regardless of amount, require approval of the department director, Director of Finance and City Administrator prior to issuance of a check for payment. Thus, the Board of Aldermen, either acting directly or through its department directors, exercise control over budgeted expenditures throughout the fiscal year.

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

The Reporting Entity and its Services

This report includes all funds, account groups, boards and commissions that are controlled by or are dependent on the executive or legislative branches of the City, as more fully described in Note A to the financial statements.

The City provides a wide range of municipal services. These include public safety (police, fire and ems), sanitation and health, parks and recreation, streets, code enforcement and zoning and general administrative services.

THE GENERAL FUND AND GENERAL GOVERNMENTAL FUNCTIONS

Revenues for the General Fund for fiscal year ending December 31, 2003 totaled \$6,418,680 representing a 6.8% decrease from the prior year.

GF Revenues	Budget 2003	Actual 2002
Actual 2003	7,076,100	6,886,933
Dollar Difference	6,418,680	6,418,680
Percent Difference	(657,420)	(468,253)
	-9.29%	-6.80%

The decrease in General Fund Revenues for 2003 over the prior year is due in large part to four factors:

1. A one time revenue source in the General Fund in 2002 representing a \$509,140 payment in lieu of taxes by the developer of West County Center under the Redevelopment Agreement to partially reimburse the City for lost sales taxes during the period in which the mall was closed for redevelopment. \$290,860 was received in fiscal 2001 for that purpose.
2. A change in accounting to shift the revenues generated and costs associated with the recreation department from the General Fund to the Park Fund resulting in a revenues loss of \$111,394.

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3. A reduction in construction permit fees from 2002 due to completion of the redevelopment of West County Center during 2003.
4. A general failure to achieve sales tax growth over prior years consistent with projections made at the time of approval of the redevelopment and upon which the 2004 revenue projections were initially based. While sales taxes generated in 2003 versus the prior year at West County Center increased dramatically with reopening, they fell 20% short of the City's expectations at time of redevelopment. With the benefit of time, it is clear that the City and its financial consultants failed to accurately assess the impact of the general economic downturn and the terrorist incident on September 11th in adjusting its revenue estimates both at West County Center and in the City as a whole.

A summary of all General Fund Revenues by source for 2003 compared to the prior year

REVENUE SOURCES	For the Fiscal year		2003 Percent Of Total	Dollar Increase (Decrease) Over 2002	Percent Increase Decrease Over 2002
	2002	Ending December 31			
Sales and Use Taxes	3,639,015	3,687,898	57.46%	48,883	1.34%
Utility Gross Receipts Tax	734,475	758,155	11.81%	23,680	3.22%
Intergovernmental	636,882	659,788	10.28%	22,906	3.60%
Business Licenses	560,569	611,930	9.53%	51,361	9.16%
Municipal Court	314,791	321,405	5.01%	6,614	2.10%
Ambulance Fees	82,765	107,708	1.68%	24,943	30.14%
Building Fees and Permits	165,498	91,924	1.43%	(73,574)	-44.46%
Investment Income	70,472	61,396	0.96%	(9,076)	-12.88%
Contracts and Grants	4,745	4,409	0.07%	(336)	-7.08%
Recreation Fees	111,394	-	0.00%	(111,394)	-100.00%
Other Income	566,327	114,067	1.77%	(452,260)	-79.86%
Total General Fund	\$ 6,886,933	\$ 6,418,680	100.00%	(468,253)	-6.80%

Sales Taxes - the City levies a 1.0% general purpose sales tax approved by the voters in 1974 and a 0.25% sales tax approved in 1993. The quarter cent tax levied in 1993 was in response to changes in state law which mandated sharing of the original 1.0% tax on a sliding scale formula among cities in St. Louis County.

The sales tax rate, level of sharing and impact of the TIF requires that the City project its sales tax revenues in three (3) geographic areas to achieve a budget projection. Sales tax

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revenues for 2003 were disappointing both compared to the prior year and budget projections for 2003.

Sales tax revenues in 2003 totaled \$3,687,898 representing 57.46% of all General Fund income and representing a modest increase of 1.34% over the prior year. Analysis will show that the sales tax revenue shortfalls were due to the following reasons:

1. The amount of sales taxes shared in 2003 was 3.67% higher than anticipated in the budget. Sharing under the formula is a product of the City's per capita sales tax yield versus other communities in the county. Each cities population is adjusted two years following the census making 2003 the first year using 2000 population data.
2. The opening of West County Center in fall 2002 required that the City rely on proforma sales projections provided by an outside consultant. The Franzen Group was hired in 1996 and 2001 to do financial proformas for the TIF. The City again retained them in May 2002 to do updated sales projections in 2003 in light of the delay in opening the new mall, the terrorist event of September 11th and the overall economic conditions. Those projections were overly optimistic and failed to fully anticipate the impact of the slowdown in the general economy. Sales in the shopping center were 20% lower than anticipated in the budget.
3. City staff failed to fully identify downward trends in retail sales in the other areas of the City or the impact of the general economy. Sales taxes in areas of the City other than West County Center declined 7% rather than the 7.5% increase anticipated in the budget.

With adoption of the 2004 budget, the City has utilized a more conservative approach to sales tax projections relying on actual sales for the prior year as the benchmark at West County Center upon which to project future revenues. In addition, the impact of the 2000 census on population ratios is now fully identified and sharing formulas can be better identified.

Utility Gross Receipts Revenues - are those revenues generated by levying taxes on local utilities for the right to use City owned rights-of-way for delivery of utility services to local customers. Utility tax revenues represent 11.81% of total General Fund Revenues and experienced a 3.22% increase over the prior year. Those revenue sources are highly elastic to weather and dependant upon state controlled utility rates. As a result, they are difficult to predict and can vary widely from year to year.

Intergovernmental Revenues - are those taxes levied by other jurisdictions that are then shared with local governments by the state or county. Many of those revenue sources are shared on a relative population basis and experienced use of new 2000 population census data in 2003. Overall, intergovernmental revenues represented only 10.3% of total General Fund Revenues.

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Business Licenses - local ordinances require that all persons doing business within the City must apply for and obtain a local merchant's license together with a separate license if they are involved in the sale of alcoholic beverages whether in the package or by the drink. License fees represent 9.53% of total 2003 General Fund Revenue. The \$51,361 increase over the prior year represents the influx of revenue created by the opening of West County Center in the fall of 2002.

Municipal Court - revenues from municipal court operations totaled \$321,405 or 5.01% of total revenue. This represents an increase of 2.1% over the prior year which is the likely result of higher activity relating to the opening of the new shopping center. However, the City did not and does not budget any anticipated change in court fees annually but simply budgets the prior year's amount in order to avoid any appearance of establishing targets or quotas for the police department.

Ambulance Fees - during 2003 the City extended its policy of charging non-residents for ambulance transport to also include residential calls for service. The result is an increase of 30% (\$24,943) in ambulance fee revenues over the prior year. Ambulance fee revenue represents only 1.68% of total revenues.

Building Related Fees and Permits - fees and permits charged by the City represented only 1.43% of total revenues in 2003. This is a substantial reduction (\$73,574) from the prior year due in large part to completion of the West County Center project for which substantial permit revenues were generated in 2002. Those revenues have now returned to a more normal level and are primarily related to new home construction and remodeling.

Other Income - represents 2.8% of total revenues and is a significant decline from the prior year. This is due substantially to a one time revenue source of \$509,000 in 2002 representing a payment in lieu of taxes from the Westfield Corporation under the terms of the redevelopment agreement for West County Center. A similar payment in the amount of \$290,000 was received in 2001.

Interest income has generally stabilized at a relative low level representing the low yields currently available in the market place due to low interest rates. The City's investment policy continues to focus on preservation of capital as its first goal and investment yield as a secondary goal.

The decrease is also due in part to a change in accounting policy to shift all recreation related revenues from the General Fund to the Park Fund as a part of opening the new community center.

General Fund Expenses - General Fund expenditures for 2003 totaled \$6,977,379 representing a decrease of 1.17% from the prior year. However, that decrease is in large part the result in a change in accounting to shift all recreation related revenues and expenses from the General Fund to the Park Fund effective January 1, 2003.

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In prior years, those expenses were covered in part by a transfer of revenues from the Park Fund to the General Fund.

FUNCTION	For the Fiscal year		2003 Percent Of Total	Dollar Increase (Decrease) Over 2002	Percent Increase Decrease Over 2002
	Ending December 31 2002	2003			
Public Safety	3,900,307	4,227,472	60.59%	327,165	8.39%
Streets	572,142	594,055	8.51%	21,913	3.83%
Health and Sanitation	476,153	492,954	7.07%	16,801	3.53%
Parks and Recreation	876,451	411,249	5.89%	(465,202)	-53.08%
Public Works	309,408	316,397	4.53%	6,989	2.26%
Administration	258,164	251,132	3.60%	(7,032)	-2.72%
Municipal Buildings	241,133	238,692	3.42%	(2,441)	-1.01%
Finance	186,224	189,141	2.71%	2,917	1.57%
Court and Law	142,376	154,500	2.21%	12,124	8.52%
Legislative	97,875	101,787	1.46%	3,912	4.00%
Total GF Expenditures	\$7,060,233	\$6,977,379	100.00%	(82,854)	-1.17%

In order to fairly compare General Fund expenses for 2003 to 2002, you will need to compare them on a department by department basis. For 2003, the City modified its accounting to report all expenses relating to the administration of the Department of Parks and Recreation as well as all recreation activities in a separate Park Fund. Total expenses in 2002 for that element of the Department of Parks and Recreation was \$465,955. Adjusting expenses for comparison purposes for 2002 to provide a same department comparison from 2002, total expenses would have increased 5.8% over the prior year - a substantial reduction from the 11.58% increase in 2002 over 2001.

\$327,165 of the \$383,101 comparative increase in expenses over the prior year was in the Department of Public Safety reflecting largely the full years cost of the five (5) new police officers added in the fall of 2002 to work in a substation at West County Center. That substation was created under the terms of the Redevelopment Agreement to ensure that calls for police services and the need for police patrols at West County Center did not result in any diminution of police availability in neighborhood patrol or other police functions.

General Fund Balances

The operating deficit for the fiscal year was \$558,699. This deficit was partially offset by transfers into the General Fund from the Capital Improvement Fund and Sewer Fund

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totaling \$88,000 to reimburse the General Fund for administrative, bidding and supervision of construction expenses.

The year-end fund balance on December 31, 2003 totals \$2,578,836 representing 36.96% of expenditures.

An analysis of fund balance over the last five (5) to ten (10) years shows that the balance both in real dollars and as a percentage of annual operating expenses is at an all time low. However, the City does not need a sizeable fund balance simply for cash flow purposes. We have a relatively good monthly cash flow of revenues from the sales tax versus operating expenses.

General Fund	Fund Balance December 31	Percent of Expenses
2003	2,578,836	36.96%
2002	3,049,535	43.19%
2001	2,609,422	41.24%
2000	3,091,037	53.16%
1999	2,829,568	56.53%
5 Yr Average	2,831,690	45.40%
10 Year Average	2,218,804	40.20%

Since the City revenues are largely tied to the sales tax at three locations, the City has chosen to insure its revenue stream using Sales Tax Interruption Insurance to continue revenues for twelve (12) months in the event of a fire or other natural disaster at the major shopping centers. Therefore, the need for a substantial fund balance as a safeguard against short-term revenue losses is largely otherwise protected.

SPECIAL REVENUE FUNDS

Park Fund

This special revenue fund was created in 2001 to coincide with voter approval of a half cent park sales tax to fund construction and operation of a community center. That facility opened in November 2003.

While the community center was partially opened in November 2003, the City has incurred start up expenses for staffing the center as early as January 2001 with the hiring of the Director of Parks and Recreation and increased dramatically as new staff was brought on board in 2002 and 2003 to prepare policy and procedures, acquire furniture fixtures and equipment, hire full-time and part-time staff and generally prepare for the grand opening. Those fees were paid from the General Fund but reimbursed by transfers of excess fund balances from the Park Fund.

Prior to opening of the community center, the City provided a limited recreation program and accounted for all revenues and expenses relating to recreation within the General Fund. With the opening of the new community center, all expenses relating to the

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operation of the community center and all administrative costs associated with management of the department have been shifted from the General Fund to the Park Fund beginning with the 2003 Fiscal Year.

Revenues for the fund represent the full proceeds from that sales tax together with all membership, program and other user fees associated with operation of the community center and its related recreation programs. Recreation revenues for years prior to 2003 were recognized in the General Fund along with all expenses relating to the Department.

Park Fund REVENUE SOURCES	For the Fiscal year Ending December 31		2003 Percent Of Total	Dollar Increase (Decrease) Over 2002	Percent Increase Decrease Over 2002
	2002	2003			
Sales and Use Taxes	1,783,807	1,893,582	87.07%	109,775	6.15%
Membership Fees	-	75,168	3.46%	75,168	-
Daily Admission Fees	-	20,898	0.96%	20,898	-
Program Fees	-	129,715	5.96%	129,715	-
Rental Income	-	11,053	0.51%	11,053	-
Contracts and Grants	-	20,105	0.92%	20,105	-
Concessions and POS	-	13,025	0.60%	13,025	-
Other Income	-	11,138	0.51%	11,138	-
Total Park Fund	\$ 1,783,807	\$ 2,174,684	100.00%	390,877	21.91%

Expenses relating to the fund include all operational costs for the community center including the full administrative costs for management of the Department of Parks and Recreation.

FUNCTION	For the Fiscal year Ending December 31		2003 Percent Of Total	Dollar Increase (Decrease) Over 2002	Percent Increase Decrease Over 2002
	2002	2003			
Lodge Operations	-	838,888	88.78%	838,888	-
Recreation Programs	-	22,490	2.38%	22,490	-
Aquatic Programs	-	900	0.10%	900	-
Sports Programs	-	16,251	1.72%	16,251	-
Fitness Programs	-	33,511	3.55%	33,511	-
Building Operations	-	32,839	3.48%	32,839	-
Total PF Expenditures	\$ -	\$946,408	100.00%	946,408	-

City of Des Peres, Missouri
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While the community center operates by charging fees for services like an Enterprise Fund, the Park Fund is not expected to be fully self-sufficient and likely will continue to require an annual subsidy from the General Fund for operations.

Membership and program revenues within this fund are fully accrued and recognized as revenue only when the services are delivered to the member or customer. The fund balance within the Park Fund on December 31, 2003 totals \$ 553,533.

Sewer Lateral Fund

The Sewer Lateral Fund was created in 1999 to coincide with voter approval of a \$28.00 per household assessment to finance the cost of repair of residential sewer lateral service lines. Since the work under this program involves improvements to private property, the Missouri State Constitution restricts the City's financial participation to use of these funds only for such repairs.

In the early years of the program, demand for services exceeded the annual assessment and loans from the City's General Fund were required to meet that demand. All loans from early years have been repaid with interest.

Revenues for the Sewer Lateral Fund are treated on a cash basis and fell 16.55% below the prior year. The City believes that the reduction is the result of internal errors in the County Department of Revenue resulting in late billing of the assessments and that the City can still expect approximately \$13,000 in 2003 sewer assessments that will be paid in late 2004. However, since the dollar amount could not be clearly quantified, no accrual has been made to the fund.

Sewer Lateral Fund	For the Fiscal year		2003 Percent Of Total	Dollar Increase (Decrease) Over 2002	Percent Increase Decrease Over 2002
	Ending December 31 2002	2003			
REVENUES					
Assessments	97,763	82,088	100.0%	(15,675)	-16.03%
Other Income	-	-	0.00%	-	
Total Revenues	97,763	82,088	100.0%	(16,184)	-16.55%
EXPENDITURES					
Sewer Repairs	71,369	70,605	2.47%	(764)	-1.07%
Transfers to Other Funds	8,000	8,000	0.28%	-	0.00%
	79,369	78,605	2.75%	(764)	-0.96%
Excess of Revenues-Expenses	\$ 18,394	\$ 3,483		(14,911)	

The fund balance in the Sewer Lateral Fund at December 31, 2003 totaled \$43,268.

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 2003 Comprehensive Annual Financial Report

CAPITAL IMPROVEMENT FUND

General Capital Improvement Fund

This fund is utilized for the purchase of all major equipment and capital projects for all departments. Revenues to the fund are largely restricted to the proceeds from a half cent capital improvement sales tax approved by the voters in 1994, interest relating thereto and any grants or donations received by the City.

	For the Fiscal Year		2003 Percent	Increase (Decrease)	Percent Increase Decrease
	Ending December 31	2003			
Capital Improvements	2002	2003	Of Total	Over 2002	Over 2002
REVENUES					
Sales Tax	1,563,697	1,862,179	93.01%	298,482	19.09%
Other Income	183,589	139,853	6.99%	(43,736)	-23.82%
Total Revenues	1,747,286	2,002,032	100.00%	254,746	14.58%
EXPENDITURES					
Vehicles and Equipment	485,777	195,274	6.83%	(290,503)	-59.80%
Furniture and Fixtures	17,746	28,691	1.00%	10,945	61.68%
Public Buildings	14,290	48,470	1.69%	34,180	239.19%
Streets	495,407	347,797	12.16%	(147,610)	-29.80%
Parks	178,373	10,269	0.36%	(168,104)	-94.24%
Transfers to Other Funds	1,230,000	2,230,000	77.96%	1,000,000	81.30%
Excess of Revenues-Expenses	\$ (674,307)	\$ (858,469)		(184,162)	

During 2003, the City transferred \$2,000,000 from the fund balance from the Capital Improvement Fund to the subsidiary account in the Capital Project Fund to be used toward construction of the community center. A similar transfer of \$1,000,000 was made in the prior year.

The year-end fund balance within the Capital Improvement Fund is \$925,325 of which \$9,614 is designated for future tree planting in public rights-of-way and \$748,700 is designated for future purchases of fire equipment.

The undesignated fund balance in the Capital Improvement Fund on December 31, 2003 is only \$167,011. The 2004 Budget anticipates increasing that fund balance by \$600,000 this year with a goal to return to a \$1,000,000 year-end balance by the end of fiscal 2005.

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Capital Project Fund

This is a subsidiary fund within the Capital Improvement Fund to finance the construction of the community center. All net proceeds from the issuance of General Obligation Bond (\$15,000,000) and Certificates of Participation Leasehold Bonds (\$7,170,000) were deposited into this fund together with transfers of funds from the Park Fund and Capital Improvement Fund to finance the total project.

The year-end fund balance in the Capital Project Fund is -\$163,231 including \$1,594,406 accounts payable and retainage payable balances. A review of the overall project budget has determined that a transfer of \$250,000 intended to be moved into this account from the Park Sales Tax Fund was not made in 2001. Transfer of funds will be needed to resolve this negative balance and to close out the fund by year-end.

Debt Service Fund and Debt Administration

The City has established a separate Debt Service Fund for purposes of management of all outstanding long term debt. While the issuance of general obligation debt allows for repayment from a dedicated property tax, the City has opted to forego such a tax since 1994 and to retire debt from a combination of sales tax revenues.

A transfer of a portion of the Capital Improvement Sales Tax proceeds in the Capital Improvement Fund is made annually to finance debt service obligations for the retirement of 1989 Public Safety Bonds were refinanced in 2003 to take advantage of historically low interest rates. A portion of the proceeds from the Park Sales Tax is transferred annually from the Park Fund to meet debt service obligations for both the GO Bonds and COPS issued to finance construction of the community center.

Purpose	Type	Issue Date	Original Issue	Outstanding Debt	
				December 31, 2003	
Public Safety Building	GO	1989	\$ 2,000,000	\$	815,000
Recreation Center	GO	2000	\$ 15,000,000	\$	14,600,000
Recreation Center	COPS	2002	\$ 7,170,000	\$	7,170,000

The ratio of bonded debt to the assessed valuation of all taxable real property and the amount of net bonded debt per capita are useful indicators of the City's debt position. At the end of 2003, the City's debt position was as follows:

Net Bonded Debt	Ratio of Debt		Debt Per Capita
	Amount	To Assessed Value	
\$ 15,415,000	5.02%	\$ 1,781	

In addition to its general obligation and COPS debt, the City's General Long-Term Debt Account includes \$40,115,000 of Tax Increment Financing Bonds issued in the fall of 2002. Those bonds represent a limited obligation of the City payable only to the extent of incremental tax revenues generated by the redevelopment of the Manchester-Ballas

City of Des Peres, Missouri
2003 Comprehensive Annual Financial Report

Redevelopment Area over a period of 23 years beginning in 1997. During 2003, incremental revenues from the redevelopment area were sufficient to meet all current bond obligations, to pass-thru \$600,000 in payments in lieu of taxes to property tax jurisdictions and to retire early \$1.4 million in 2012 TIF Bonds.

General Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions. Depreciation of fixed assets is not recognized in the City's accounting system for the fiscal year ending December 31, 2003.

Cash Management

The City's policy regarding investments is to minimize credit and market risk while maintaining a competitive yield on its portfolio. The investment policy allows maturities of up to three (3) years from date of purchase. With the exception of certain pension forfeiture deposits, all City deposits and investments are insured by federal depository insurance, collateralized or held by the counterparty's trust department or agency in the City's name. Acceptable collateral are obligations of the U.S. Treasury and U.S. government agencies; bonds issued by the State of Missouri or local governments in Missouri with a population greater than 400,000.

Daily cash positions are invested nightly using sweep checking accounts and overnight repurchase agreements. Although the investment policy allows maturities of up to three (3) years, the City has not purchased certificates of deposit greater than one (1) year until maturity. Maturities longer than one (1) year have been restricted to callable bonds issued by agencies of the U.S. government.

Risk Management

The City is a participating member in a multi-line self-insured pool (St. Louis Area Insurance Trust - SLAIT) for purposes of providing workers compensation, general liability, automobile liability and police professional liability insurance. SLAIT was formed in 1987 and the City obtained membership in July 1989. Each member in the pool is a City located within St. Louis County with professional management in the form of a City Manager or City Administrator. A twelve (12) member Board of Trustees manages the trust. The City has held a position on the Board of Trustees since 1989. SLAIT has retained the firm of Daniel & Henry to serve as insurance brokers for the trust and to manage its overall affairs and operations. The Board of Trustees contracts for actuarial, accounting and third-party claims administration services.

SLAIT retains certain levels of coverage using a self-insured retention created from member premiums and reinsures on both an individual and aggregate stop loss with the General Reinsurance Company. Each policy year is segregated financially and dividends are paid to the member cities after all claims for that calendar year are fully paid and closed. During 2003, the City received a dividend from SLAIT of \$47,094.

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The City, along with many other members of SLAIT, utilize the services of Daniel & Henry to group market other insurance packages including general property and public official liability insurance. Cities are rated individually and policies written individually.

Acknowledgements

The preparation of the annual financial report could not have been accomplished without the joint efforts of the professional staff - in particular the staff in the Department of Finance and the Administrative Assistant to the City Administrator and to consultants from MuniFinancial, all of whom worked tirelessly to wrap up the various loose ends associated with the close of the fiscal year and the audit in the absence of a Director of Finance.

We would also recognize the extraordinary efforts of the audit staff from Hochschild, Bloom & Company LLP and our gratitude is extended for their professionalism and assistance in formulating this report.

Finally, we would extend our sincere appreciation to the Mayor and Board of Aldermen for their ongoing financial and moral support of the Department of Finance in pursuit of our mission to provide timely customer service to the operating departments of the City and in the preparation of accurate and timely financial reports.

Respectfully Submitted,



Douglas J. Harms
City Administrator &
Interim Director of Finance

CITY OF DES PERES, MISSOURI
CITY OFFICIALS

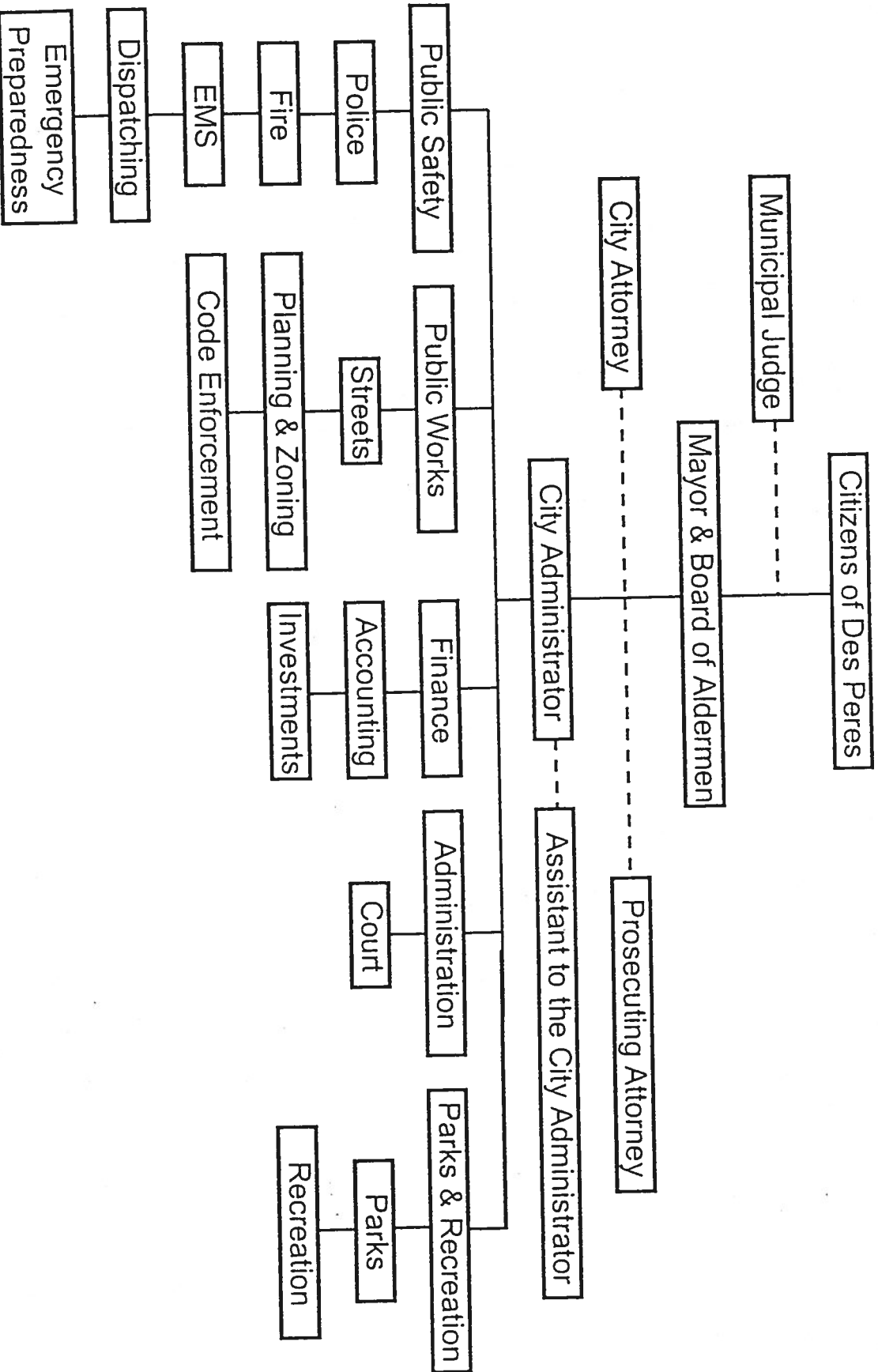
ELECTED OFFICIALS

Rick Lahr	Mayor
Kathleen Gmelich	Alderman Ward I
John Pound	Alderman Ward I
Jim Kleinschmidt	Alderman Ward II
Paul Raczkiewicz	Alderman Ward II
James Doering	Alderman Ward III
Paul Fingerhut	Alderman Ward III
Charles Billings	Municipal Judge

APPOINTED OFFICIALS

Douglas Harns	City Administrator
William Bridges	Director of Public Safety
Denis Knock, PE	Director of Public Works
Vacant	Director of Finance
Susan Trautman, CPRP	Director of Parks and Recreation

City of Des Peres Organization Chart



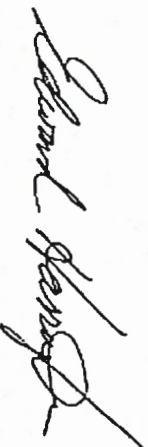
Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Des Peres,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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.


President


Executive Director



CITY OF DES PERES, MISSOURI
FINANCIAL

FINANCIAL SECTION



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

May 12, 2004

Honorable Mayor and City Council
CITY OF DES PERES, MISSOURI

We have audited the accompanying general purpose financial statements of the **CITY OF DES PERES, MISSOURI** (the City) as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2003, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

Hochschild, Bloom & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448



Member: Polaris 1A International with Member Offices in Principal U.S. and International Cities.

CITY OF DES PERES, MISSOURI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types				Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	General Fixed Assets	General Long-Term Debt		
ASSETS AND OTHER DEBITS								
Cash and investments	\$ 2,148,000	3,291,272	1,285,017	109,390	-	-	-	6,833,679
Receivables:								
Taxes	1,147,489	1,718,791	354,508	-	-	-	-	3,220,788
Interest	7,915	48,202	1,008	223	-	-	-	57,348
Court	44,352	-	-	-	-	-	-	44,352
Other	98,884	35,811	-	-	-	-	-	134,695
Prepaid items	197,915	-	-	-	-	-	-	197,915
Cash and investments - restricted	76,702	4,056,039	733,053	-	-	-	-	4,865,794
Fixed assets	-	-	-	-	-	-	-	37,509,323
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	57,751,295	57,751,295
Amount available for debt service	-	-	-	-	-	-	4,898,705	4,898,705
Total Assets And Other Debits	\$ 3,721,257	9,150,115	2,373,586	109,613	37,509,323	62,650,000	-	115,513,894
LIABILITIES, FUND EQUITY AND OTHER CREDITS								
Liabilities								
Accounts payable	\$ 142,826	34,312	765,107	-	-	-	-	942,245
Retainage payable	-	-	846,385	-	-	-	-	846,385
Accrued payroll and compensated absences	283,274	54,665	-	-	-	-	-	337,939
Deposits payable	706,062	-	-	-	-	-	-	706,062
Court bonds payable	9,631	-	-	-	-	-	-	9,631
Deferred revenue	628	811,404	-	-	-	-	-	812,032
Certificates of participation	-	-	-	-	-	7,170,000	-	7,170,000
General obligation bonds	-	-	-	-	-	15,415,000	-	15,415,000
Tax increment revenue bonds	-	-	-	-	-	40,065,000	-	40,065,000
Total Liabilities	1,142,421	900,381	1,611,492	-	-	62,650,000	-	66,304,294
Fund Equity and Other Credits								
Investment in general fixed assets	-	-	-	-	37,509,323	-	-	37,509,323
Fund balances:								
Reserved for prepaids	197,915	-	-	109,613	-	-	-	197,915
Reserved for debt service	-	4,056,039	733,053	-	-	-	-	4,898,705
Reserved for employees retirement system	76,702	-	-	-	-	-	-	76,702
Unreserved:								
Designated for subsequent year purchases	-	-	758,314	-	-	-	-	758,314
Undesignated	2,304,219	4,193,695	(729,273)	-	-	-	-	5,768,641
Total Fund Equity And Other Credits	2,578,836	8,249,734	762,094	109,613	37,509,323	-	-	49,209,600
Total Liabilities, Fund Equity And Other Credits	\$ 3,721,257	9,150,115	2,373,586	109,613	37,509,323	62,650,000	-	115,513,894

See notes to financial statements

CITY OF DES PERES, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Special Revenue	Capital Projects	Debt Service	Totals (Memorandum Only)
REVENUES					
Taxes	\$ 3,687,898	5,397,088	1,862,179	-	10,947,165
Intergovernmental	659,788	-	-	-	659,788
Licenses	611,930	-	-	-	611,930
Fees and permits	91,924	260,997	-	-	352,921
Utility gross receipts tax	758,155	20,842	-	-	778,997
Investment income	61,396	123,895	74,304	9,428	269,023
Miscellaneous	547,589	20,105	99,308	9,746	676,748
Total Revenues	6,418,680	5,822,927	2,035,791	19,174	14,296,572
EXPENDITURES					
Current:					
General government	935,252	-	-	-	935,252
Public safety	4,227,472	-	-	-	4,227,472
Public works	316,397	70,605	-	-	387,002
Streets	594,055	-	-	-	594,055
Health	492,954	-	-	-	492,954
Parks and recreation	411,249	946,408	-	-	1,357,657
Capital outlay	-	-	12,518,054	-	12,518,054
Debt service:					
Principal retirement	-	50,000	-	315,000	365,000
Interest and fiscal charges	-	2,289,959	-	1,140,924	3,430,883
Bond issuance costs	-	-	-	7,335	7,335
Total Expenditures	6,977,379	3,356,972	12,518,054	1,463,259	24,315,664
REVENUES OVER (UNDER) EXPENDITURES	(558,699)	2,465,955	(10,482,263)	(1,444,085)	(10,019,092)
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds	-	-	-	815,000	815,000
Payment to escrow agent	-	-	-	(826,520)	(826,520)
Operating transfers in	88,000	-	2,000,000	1,452,425	3,540,425
Operating transfers out	-	(1,310,425)	(2,230,000)	-	(3,540,425)
Total Other Financing Sources (Uses)	88,000	(1,310,425)	(230,000)	1,440,905	(11,520)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(470,699)	1,155,530	(10,712,263)	(3,180)	(10,030,612)
FUND BALANCES, JANUARY 1	3,007,592	7,094,204	11,474,357	112,793	21,688,946
PRIOR PERIOD ADJUSTMENT	41,943	-	-	-	41,943
FUND BALANCES, DECEMBER 31	\$ 2,578,836	8,249,734	762,094	109,613	11,700,277

See notes to financial statements

CITY OF DES PERES, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Taxes	\$ 4,241,100	3,687,898	(553,202)	6,022,920	5,397,088	(625,832)
Intergovernmental	700,000	659,788	(40,212)	-	-	-
Licenses	611,000	611,930	930	-	-	-
Fees and permits	134,000	91,924	(42,076)	500,000	260,997	(239,003)
Utility gross receipts tax	715,000	758,155	43,155	20,000	20,842	842
Investment income	100,000	61,396	(38,604)	80,000	123,895	43,895
Miscellaneous	575,000	547,589	(27,411)	30,000	20,105	(9,895)
Total Revenues	7,076,100	6,418,680	(657,420)	6,652,920	5,822,927	(829,993)
EXPENDITURES						
Current:						
General government	988,170	935,252	(52,918)	-	-	-
Public safety	4,320,570	4,227,472	(93,098)	-	-	-
Public works	321,085	316,397	(4,688)	78,500	70,605	(7,895)
Streets	624,605	594,055	(30,550)	-	-	-
Health	502,500	492,954	(9,546)	-	-	-
Parks and recreation	425,840	411,249	(14,591)	1,433,870	946,408	(487,462)
Capital outlay	-	-	-	-	-	-
Debt service:	-	-	-	-	50,000	50,000
Principal retirement	-	-	-	283,840	2,289,959	2,006,119
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total Expenditures	7,182,770	6,977,379	(205,391)	1,796,210	3,356,972	1,560,762
REVENUES OVER (UNDER) EXPENDITURES	(106,670)	(558,699)	(452,029)	4,856,710	2,465,955	(2,390,755)
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Operating transfers in	88,000	88,000	-	(1,310,425)	(1,310,425)	-
Operating transfers out	-	-	-	(1,310,425)	(1,310,425)	-
Total Other Financing Sources (Uses)	88,000	88,000	-	(1,310,425)	(1,310,425)	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(18,670)	(470,699)	(452,029)	3,546,285	1,155,530	(2,390,755)
FUND BALANCES, JANUARY 1	3,007,592	3,007,592	-	7,094,204	7,094,204	-
PRIOR PERIOD ADJUSTMENT	-	41,943	41,943	-	-	-
FUND BALANCES, DECEMBER 31	\$ 2,988,922	2,578,836	(410,086)	10,640,489	8,249,734	(2,390,755)

(Continued)

See notes to financial statements

CITY OF DES PERES, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Projects Funds			Debt Service Fund		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Taxes	2,061,550	1,862,179	(199,371)	-	-	-
Intergovernmental	-	-	-	-	-	-
Licenses	-	-	-	-	-	-
Fees and permits	-	-	-	-	-	-
Utility gross receipts tax	-	-	-	-	-	-
Investment income	350,000	74,304	(275,696)	5,000	9,428	4,428
Miscellaneous	109,000	99,308	(9,692)	8,625	9,746	1,121
Total Revenues	2,520,550	2,035,791	(484,759)	13,625	19,174	5,549
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Streets	-	-	-	-	-	-
Health	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Capital outlay	13,273,953	12,518,054	(755,899)	-	-	-
Debt service:						
Principal retirement	-	-	-	315,000	315,000	-
Interest and fiscal charges	-	-	-	1,151,380	1,140,924	(10,456)
Bond issuance costs	-	-	-	7,180	7,335	155
Total Expenditures	13,273,953	12,518,054	(755,899)	1,473,560	1,463,259	(10,301)
REVENUES OVER (UNDER) EXPENDITURES	(10,753,403)	(10,482,263)	271,140	(1,459,935)	(1,444,085)	15,850
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds	-	-	-	-	815,000	815,000
Payment to escrow agent	2,000,000	2,000,000	-	(11,520)	(826,520)	(815,000)
Operating transfers in	(2,230,000)	(2,230,000)	-	1,452,425	1,452,425	-
Operating transfers out	(230,000)	(230,000)	-	-	-	-
Total Other Financing Sources (Uses)				1,440,905	1,440,905	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(10,983,403)	(10,712,263)	271,140	(19,030)	(3,180)	15,850
FUND BALANCES, JANUARY 1	11,474,357	11,474,357	-	112,793	112,793	-
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
FUND BALANCES, DECEMBER 31	490,954	762,094	271,140	93,763	109,613	15,850

See notes to financial statements

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the **CITY OF DES PERES, MISSOURI** (the City) in the preparation of the accompanying combined financial statements are summarized below:

1. Reporting Entity

The general purpose financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on these requirements, the general purpose financial statements include all funds, account groups, agencies, boards, commissions and authorities for which the City is financially accountable. The City does not have any component units.

2. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups in the general purpose financial statements are as follows:

GOVERNMENTAL FUNDS

General Fund -- 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.

Special Revenue Funds -- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessment, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds -- Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital items.

Debt Service Fund -- 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.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

ACCOUNT GROUPS

General Fixed Assets -- The general fixed assets used in the City's operations are to be accounted for in the General Fixed Assets Account Group rather than in the governmental funds.

General Long-Term Debt -- Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types are accounted for on the current financial resources measurement focus using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for interest on obligations in the General Long-Term Debt Account Group which is recorded in the governmental fund types when paid. Sales and utilities gross receipts taxes collected and held at year-end on behalf of the City are also recognized as revenue. Licenses, permits, fines, fees, recreation programs and miscellaneous revenues, except for court fines, are not susceptible to accrual because generally they are not measurable until received in cash.

4. Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data for the governmental fund types reflected in the financial statements.

- a. Prior to November 1, the City Administrator submits to the Audit and Finance Committee a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them. The City prepares its budget for all governmental fund types on a modified accrual basis of accounting.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgets and Budgetary Accounting (Continued)

- b. Following review by the Audit and Finance Committee, the proposed budget is presented to the Board of Aldermen and public hearings are held on the budget in late November and early December.
- c. Prior to January 1, the budget is legally enacted by passage of salary ordinances and an adopting resolution.
- d. Transfers of budgeted amounts between departments within the same fund are made by the City Administrator and approved by the Board of Aldermen.
- e. Current year budget includes amendments. Amendments to the budget for changes of expenditures by object class are approved periodically throughout the year by the Board of Aldermen. Although not required by City Ordinance, City policy dictates that department appropriations may not be exceeded without supplemental appropriation or transfer. Expenditures may not legally exceed appropriations at the department level in the General Fund or at the fund level for all other funds as they are not departmentalized. At the end of the fiscal year, all unexpended appropriated balances lapsed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. At the end of the current fiscal year, no encumbrances were outstanding.

5. Investments

Investments are carried at fair value.

6. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

7. Fixed Assets

General fixed assets acquired for general governmental purposes are recorded as expenditures in the governmental funds. Assets are valued at original or estimated original cost. Contributed fixed assets are stated at estimated fair market value at the date of contribution. No depreciation has been provided on general fixed assets. Assets acquired under lease/purchase agreements are recorded at the inception of the agreement.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fixed Assets (Continued)

Public domain ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

8. Compensated Absences

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue monthly throughout each year. Upon termination, the employee is paid for unused vacation. Since vacation accrued at year-end is expected to be used by the employee during the following fiscal year, the accrual is reported within the governmental fund type to be payable out of expendable financial resources. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination. Accrued vacation can be converted to sick leave or sold back to the City at the employee's election. This conversion cannot reduce an employee's vacation accrual below two weeks.

9. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1, based on the assessed value of the property. Taxes are levied on September 1 and are due and payable on or before December 31.

Currently, the City does not assess a property tax.

10. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

11. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 12. Restricted Assets**
 Certain assets for employee benefits and the repayment of tax increment revenue bonds per applicable debt covenants and certificates of participation are classified as restricted assets on the balance sheet.
- 13. Allowance for Uncollectibles**
 Other receivables are shown net of an allowance for uncollectibles of \$17,791.

NOTE B - CASH AND INVESTMENTS

- 1. Deposits**
 The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2003, the City's bank deposits were fully insured or collateralized with securities held by the City or its agent in the City's name.

- 2. Investments**
 State statutes and City policy authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, time deposit certificates and repurchase agreements.
- The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end as: (1) insured or registered with securities held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name and (3) uninsured and unregistered investments for which the securities are held by the financial institution's trust department, the broker dealer, but not in the City's name.

	<u>December 31, 2003</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount/ Fair Value</u>
<u>Categories</u>				
U.S. Government and agency securities	\$ -	-	<u>5,219,616</u>	5,219,616
Money market funds				2,741,102
Certificates of deposit				1,917,880
Cash deposits				<u>1,820,875</u>
Total Cash And Investments				<u>\$11,699,473</u>

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets:

	For The Year Ended December 31, 2003	
	Balance December 31 2002	Balance December 31 2003
	<u>Balance</u>	<u>Balance</u>
	<u>December 31</u>	<u>December 31</u>
	<u>2002</u>	<u>2003</u>
	<u>Additions</u>	<u>Deletions</u>
Land and land improvements	\$ 8,038,974	614,927
Buildings	13,624,609	10,431,952
Automotive equipment	1,444,060	134,243
Furniture, fixtures and equipment	2,465,298	812,387
	<u>25,572,941</u>	<u>11,993,509</u>
		<u>57,127</u>
		<u>-</u>
		<u>8,653,901</u>
		<u>24,056,561</u>
		<u>1,521,176</u>
		<u>3,277,685</u>
Total	<u>\$25,572,941</u>	<u>11,993,509</u>
		<u>57,127</u>
		<u>37,509,323</u>

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

\$15,000,000 general obligation bonds, Series 2000, due in annual installments through February 1, 2020, interest ranges from 4.35% to 5.35%.	December 31 2003	\$14,600,000
\$7,170,000 certificates of participation, Series 2002, due in annual installments through August 1, 2020, interest ranges from 3.75% to 5.35%.		7,170,000
\$815,000 general obligation refunding bonds, Series 2003, due in annual installments through February 1, 2009, interest ranges from 1% to 2.8%.		<u>815,000</u>
		<u>\$22,585,000</u>

Changes in general long-term debt are as follows:

	For The Year Ended December 31, 2003		
	Balance December 31 2002	Additions	Deletions
	<u>Balance</u>		<u>Balance</u>
	<u>December 31</u>		<u>December 31</u>
	<u>2002</u>		<u>2003</u>
Tax increment revenue bonds	\$40,115,000	-	50,000
General obligation bonds	15,730,000	815,000	1,130,000
Certificates of participation	7,170,000	-	-
	<u>\$63,015,000</u>	<u>815,000</u>	<u>1,180,000</u>
			<u>62,650,000</u>

The summary of principal debt service requirements are as follows:

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

For The Years Ended December 31	2000 Issue		2002 Issue		2003 Refunding Issue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 200,000	745,687	-	347,887	120,000	11,678	320,000	1,105,252
2005	200,000	736,738	-	347,888	120,000	13,950	320,000	1,098,576
2006	200,000	727,687	-	347,887	135,000	12,053	335,000	1,087,627
2007	525,000	711,062	380,000	347,888	140,000	9,435	1,045,000	1,068,385
2008	525,000	686,781	395,000	333,638	145,000	6,153	1,065,000	1,026,572
2009 - 2013	4,400,000	2,871,163	2,230,000	1,401,948	155,000	2,170	6,785,000	4,275,281
2014 - 2018	5,775,000	1,555,050	2,820,000	817,405	-	-	8,595,000	2,372,455
2019 - 2020	2,775,000	151,875	1,345,000	108,873	-	-	4,120,000	260,748
	<u>\$14,600,000</u>	<u>8,186,043</u>	<u>7,170,000</u>	<u>4,053,414</u>	<u>815,000</u>	<u>55,439</u>	<u>22,585,000</u>	<u>12,294,896</u>

On September 1, 2002, the City issued \$40,115,000 in tax increment revenue bonds to construct certain public improvements for the West County Center project. Interest and principal on the bonds are to be paid annually on April 15 beginning in the year 2004, with a final maturity date of April 15, 2020. The bonds and the interest thereon are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property, incremental increases in economic activity taxes in the project area and monies on deposit in the Debt Service Reserve Fund. The bonds do not constitute a general obligation of the City.

In 2003, the City issued \$815,000 Series 2003 general obligation refunding bonds to refund \$815,000 of outstanding Series 1993 general obligation refunding bonds. The proceeds (after payment of underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 1993 general obligation refunding bonds. As a result, the Series 1993 general obligation refunding bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. Based on projections the City estimates that the aggregated debt service payments decreased by \$44,771 over the next six years which resulted in an economic gain for the difference between the present values for the old and new debt service payments of an estimated \$38,559.

The City is in compliance with significant requirements regarding deposits and debt service payments.

NOTE E - PENSION PLANS

1. Money Purchase Plan

In January 2000, the City enacted Ordinance No. 1989 which provided for the amendment and restatement of the City of Des Peres, Missouri Retirement Plan, a defined benefit plan, into the City of Des Peres, Missouri Money Purchase Pension Plan, a defined contribution plan, effective January 1, 2000. The City of Des Peres, Missouri Money Purchase Plan is administered by ICMA Retirement Corporation. Annuities were purchased for all retired participants to provide benefits equal to the amount received under the defined benefit plan. For active participants, initial balances were established equal

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - PENSION PLANS (Continued)

1. Money Purchase Plan (Continued)

ing the present value of accrued benefits at December 31, 1999, excluding the value of uplift benefits, and credited to each transferred participants' account. Uplift benefits were provided to participants whose benefit at the normal retirement age (as defined in the former plan) was lower than their projected benefit under the new plan. The Plan liabilities associated with the uplift benefits were transferred to the newly established City of Des Peres, Missouri Savings Plan and are subject to a separate five-year vesting period.

After the establishment of the initial balances and the transfer of assets and liabilities associated with the value of uplift benefits, all remaining assets were transferred to the General Fund and will be used to satisfy employer contributions for the plan years ended December 31, 2001 and thereafter.

The restated Money Purchase Plan will receive contributions from the City, in accordance with City ordinances, in an amount equal to 7% of each participating employee's base pay. Vesting of employer contributions occurs after five years of service.

The City's total contributions to the Plan totaled \$357,681 for the year ended December 31, 2003.

2. Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The City provides a matching contribution at a rate of \$.50 for each dollar an employee contributes to the City's Section 457 plan, with a maximum annual match of 2% of base pay. These matching contributions are part of the City of Des Peres, Missouri Savings Plan and subject to a separate five-year vesting period.

NOTE F - PRIOR PERIOD ADJUSTMENTS

The previously stated fund balances have been adjusted as follows:

	<u>General Fund</u>	<u>Special Allocation Fund - West County Center</u>	<u>Park Fund</u>
Fund balance, December 31, 2002, as previously reported	\$3,007,592	6,297,086	757,333
Restatement for:			
Revenue	-	129,651	(129,651)
Court receivable	<u>41,943</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31, 2002, As Restated	<u>\$3,049,535</u>	<u>6,426,737</u>	<u>627,682</u>

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - RISK MANAGEMENT

The City is a member of a multi-line self-insured pool (St. Louis Area Insurance Trust - SLAIT), which includes 21 municipalities in St. Louis County each with professional management. The pool provides insurance coverage for workers' compensation, general liability, police liability and auto liability. The pool also provides for group purchasing of individual policies for member cities for property coverages and public officials liability. SLAIT is governed by a 12 person Board of Trustees who have contracted with the firm of Daniel and Henry Company for its administration and consulting services. The pool retains certain levels of coverage using a self-insured retention created from member premiums and reinsures on both an individual stop loss and an aggregate annual stop loss with the General Reinsurance Company. Each policy year is segregated financially and dividends are paid to the member cities as all claims for each year are closed. During 2003, the City received a dividend from SLAIT of \$47,094.

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

NOTE H - COMMITMENTS AND CONTINGENCIES

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. Various suits and claims against the City are presently pending. It is management's opinion that any liability resulting from pending suits in excess of insurance coverage will not have a material effect on the combined financial statements of the City.

At December 31, 2003 the City had commitments related to construction and equipment in the amount of \$419,440.

NOTE I - EXCESS EXPENDITURES OVER REVENUES

The following fund exceeded budgeted expenditures. Revenues, other financing sources and fund equity were available to cover the excess.

	For The Year Ended		
	December 31, 2003		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Special Revenue - Special Allocation Fund - West County Center	<u>\$283,840</u>	<u>2,339,959</u>	<u>2,056,119</u>

NOTE J - DEFICIT BALANCE

The Capital Projects Fund - Recreation Center Fund has a deficit fund balance of \$163,231 at December 31, 2003. This deficit will be offset by future revenues.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS

The City leases equipment under certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the terms of the operating lease agreements are as follows:

For The Years Ended December 31	
2004	\$ 38,730
2005	38,730
2006	38,730
2007	20,258
2008	<u>7,053</u>
	<u>\$143,501</u>

NOTE L - PENDING ACCOUNTING PRONOUNCEMENTS

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. In July 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Under the revised requirements, governmental financial statements will include management's discussion and analysis (MD&A), basic financial statements that present both government-wide and fund financial statements, and required supplementary information. These Statements provide significant new accounting and financial reporting requirements for governments.

MD&A introduces the financial statements by giving readers a brief, objective and easily readable analysis of the City's financial performance for the year and its financial position at year-end, including an analysis of budgetary change and results.

The government-wide financial statements will provide information about the City without displaying fund or fund types. The financial statements will distinguish between the governmental and business-type activities. All information will be reported using the economic resources measurement focus and the accrual basis of accounting.

The fund financial statements will provide information about the City's funds. General capital assets and general long-term liabilities will be reported only in the government-wide financial statements as assets and liabilities of governmental activities. Governmental fund financial statements will focus on fiscal accountability and will report the flows and balances of current financial resources using the modified accrual basis of accounting. A single set of notes will apply to both government-wide and fund financial statements.

The model also includes required reporting for infrastructure assets. Reporting alternatives include historical cost-based depreciation and modified approach if the government maintains such assets at or above an established condition level. Retroactive infrastructure reporting will also become effective on a phase-in approach.

The City is required to adopt GASB Statement No. 34 in fiscal year 2004. The City has not completed the varied analyses required to estimate the financial statement impact of these new Statements.

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION SECTION

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - GENERAL FUND -
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budget	Actual	Over (Under) Budget
REVENUES			
Sales tax and use taxes	\$4,241,100	3,687,898	(553,202)
Intergovernmental:			
Gasoline tax	263,700	243,973	(19,727)
County road and bridge tax	286,800	277,654	(9,146)
Motor vehicle sales tax	68,000	62,650	(5,350)
Motor vehicle license fees	48,500	42,911	(5,589)
Cigarette tax	33,000	32,600	(400)
Total Intergovernmental	700,000	659,788	(40,212)
Licenses:			
Merchant and vending	601,000	602,287	1,287
Liquor	10,000	9,643	(357)
Total Licenses	611,000	611,930	930
Fees and permits:			
Building, occupancy and sign permits	76,000	72,594	(3,406)
Zoning and public improvements fees	10,000	2,460	(7,540)
Board of adjustment fees	3,000	2,900	(100)
Fire permits	25,000	13,970	(11,030)
Recreation fees	20,000	-	(20,000)
Total Fees And Permits	134,000	91,924	(42,076)
Utility gross receipts tax	715,000	758,155	43,155
Investment income	100,000	61,396	(38,604)
Miscellaneous:			
Court fines	400,000	321,405	(78,595)
Contracts and grants	5,000	4,409	(591)
Other	170,000	221,775	51,775
Total Miscellaneous	575,000	547,589	(27,411)
TOTAL REVENUES	\$7,076,100	6,418,680	(657,420)

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - GENERAL FUND -
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Over (Under) Budget
EXPENDITURES:			
General government:			
Boards and commissions:			
Personnel services	\$ 38,150	37,973	(177)
Materials and supplies	1,200	1,116	(84)
Contractual services	75,800	62,698	(13,102)
Administration:			
Personnel services	240,530	243,199	2,669
Materials and supplies	725	1,117	392
Contractual services	8,900	6,816	(2,084)
Law:			
Personnel services	99,450	93,758	(5,692)
Materials and supplies	150	-	(150)
Contractual services	67,450	60,742	(6,708)
Finance:			
Personnel services	151,480	128,417	(23,063)
Materials and supplies	250	54	(196)
Contractual services	57,835	60,670	2,835
Government center:			
Materials and supplies	19,550	19,558	8
Contractual services	226,700	219,134	(7,566)
Total General Government	<u>988,170</u>	<u>935,252</u>	<u>(52,918)</u>
Public safety:			
Personnel services	3,693,530	3,699,078	5,548
Materials and supplies	109,000	90,091	(18,909)
Contractual services	518,040	438,303	(79,737)
Total Public Safety	<u>4,320,570</u>	<u>4,227,472</u>	<u>(93,098)</u>
Public works:			
Personnel services	303,485	298,453	(5,032)
Materials and supplies	2,700	2,195	(505)
Contractual services	14,900	15,749	849
Total Public Works	<u>321,085</u>	<u>316,397</u>	<u>(4,688)</u>
Streets:			
Personnel services	457,605	430,955	(26,650)
Materials and supplies	81,650	94,587	12,937
Contractual services	85,350	68,513	(16,837)
Total Streets	<u>624,605</u>	<u>594,055</u>	<u>(30,550)</u>

(Continued)

**CITY OF DES PERES, MISSOURI
 SUPPLEMENTAL INFORMATION - GENERAL FUND -
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued):			
Health - contractual services	502,500	492,954	(9,546)
Parks and recreation:			
Park maintenance:			
Personnel services	310,705	304,412	(6,293)
Materials and supplies	55,270	56,057	787
Contractual services	59,865	50,780	(9,085)
Total Parks And Recreation	425,840	411,249	(14,591)
TOTAL EXPENDITURES	<u>\$7,182,770</u>	<u>6,977,379</u>	<u>(205,391)</u>

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessment, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sewer Lateral Fund -- This fund is used to account for Sewer Lateral Fund revenues to be used for repair and maintenance of sewer lateral systems.

Special Allocation Fund - West County Center -- This fund is used to account for revenues generated by the West County Center TIF district for the payment of debt service and other expenditures.

Park Fund -- This fund is used to account for ½¢ parks sales tax for the operation of a community center.

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - SPECIAL REVENUE FUNDS -
COMBINING BALANCE SHEET
DECEMBER 31, 2003

	Sewer Lateral Fund	Special Allocation Fund - West County Center	Park Fund	Totals
ASSETS				
Cash and investments	\$ 10,787	2,107,706	1,172,779	3,291,272
Receivables:				
Taxes	-	1,440,986	277,805	1,718,791
Interest	-	48,202	-	48,202
Other	35,811	-	-	35,811
Cash and investments - restricted	-	4,056,039	-	4,056,039
Total Assets	<u>\$ 46,598</u>	<u>7,652,933</u>	<u>1,450,584</u>	<u>9,150,115</u>

LIABILITIES AND FUND EQUITY

	\$	-	-	-
Liabilities				
Accounts payable	3,330	-	30,982	34,312
Accrued payroll and compensated absences	-	-	54,665	54,665
Deferred revenue	-	-	811,404	811,404
Total Liabilities	<u>3,330</u>	<u>-</u>	<u>897,051</u>	<u>900,381</u>
Fund Equity				
Reserved for debt service	-	4,056,039	-	4,056,039
Unreserved - undesignated	43,268	3,596,894	553,533	4,193,695
Total Fund Equity	<u>43,268</u>	<u>7,652,933</u>	<u>553,533</u>	<u>8,249,734</u>
Total Liabilities And Fund Equity	<u>\$ 46,598</u>	<u>7,652,933</u>	<u>1,450,584</u>	<u>9,150,115</u>

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - SPECIAL REVENUE FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Sewer Lateral Fund	Special Allocation Fund - West County Center	Park Fund	Totals
REVENUES				
Taxes	\$ 82,088	3,421,418	1,893,582	5,397,088
Fees and permits	-	-	260,997	260,997
Utility gross receipts tax	-	20,842	-	20,842
Investment income	-	123,895	-	123,895
Miscellaneous	-	-	20,105	20,105
Total Revenues	<u>82,088</u>	<u>3,566,155</u>	<u>2,174,684</u>	<u>5,822,927</u>
EXPENDITURES				
Current:				
Public works	70,605	-	-	70,605
Parks and recreation	-	-	946,408	946,408
Debt service:				
Principal retirement	-	50,000	-	50,000
Interest and fiscal charges	-	2,289,959	-	2,289,959
Total Expenditures	<u>70,605</u>	<u>2,339,959</u>	<u>946,408</u>	<u>3,356,972</u>
REVENUES OVER (UNDER) EXPENDITURES	11,483	1,226,196	1,228,276	2,465,955
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(8,000)	-	(1,302,425)	(1,310,425)
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	3,483	1,226,196	(74,149)	1,155,530
FUND BALANCES, JANUARY 1	39,785	6,297,086	757,333	7,094,204
PRIOR PERIOD ADJUSTMENT	-	129,651	(129,651)	-
FUND BALANCES, DECEMBER 31	<u>\$ 43,268</u>	<u>7,652,933</u>	<u>553,533</u>	<u>8,249,734</u>

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - SPECIAL REVENUE FUNDS - COMBINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Sewer Lateral Fund		Special Allocation Fund - West County Center	
		Over (Under) Budget		Over (Under) Budget
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ 93,675	82,088	(11,587)	3,762,645
Fees and permits	-	-	-	3,421,418
Utility gross receipts tax	-	-	-	(341,227)
Investment income	-	-	-	-
Miscellaneous	-	-	-	20,842
Total Revenues	93,675	82,088	(11,587)	123,895
			10,000	(10,000)
			3,792,645	3,566,155
				(226,490)
EXPENDITURES				
Current:				
Public works	78,500	70,605	(7,895)	-
Parks and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	50,000
Interest and fiscal charges	-	-	-	2,289,959
Total Expenditures	78,500	70,605	(7,895)	2,006,119
			283,840	2,339,959
	15,175	11,483	(3,692)	1,226,196
			3,508,805	(2,282,609)
REVENUES OVER (UNDER) EXPENDITURES				
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(8,000)	(8,000)	-	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	7,175	3,483	(3,692)	3,508,805
			1,226,196	1,226,196
FUND BALANCES, JANUARY 1	39,785	39,785	-	6,297,086
			-	6,297,086
PRIOR PERIOD ADJUSTMENT	-	-	-	129,651
			-	129,651
FUND BALANCES, DECEMBER 31	\$ 46,960	43,268	(3,692)	9,805,891
			7,652,933	7,652,933
			(2,152,958)	(2,152,958)

(Continued)

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - SPECIAL REVENUE FUNDS - COMBINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGET BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2003

	Park Fund			Totals		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Taxes	2,166,600	1,893,582	(273,018)	6,022,920	5,397,088	(625,832)
Fees and permits	500,000	260,997	(239,003)	500,000	260,997	(239,003)
Utility gross receipts tax	-	-	-	20,000	20,842	842
Investment income	80,000	-	(80,000)	80,000	123,895	43,895
Miscellaneous	20,000	20,105	105	30,000	20,105	(9,895)
Total Revenues	2,766,600	2,174,684	(591,916)	6,652,920	5,822,927	(829,993)
EXPENDITURES						
Current:						
Public works	-	-	-	78,500	70,605	(7,895)
Parks and recreation	1,433,870	946,408	(487,462)	1,433,870	946,408	(487,462)
Debt service:						
Principal retirement	-	-	-	-	50,000	50,000
Interest and fiscal charges	-	-	-	283,840	2,289,959	2,006,119
Total Expenditures	1,433,870	946,408	(487,462)	1,796,210	3,356,972	1,560,762
REVENUES OVER (UNDER) EXPENDITURES	1,332,730	1,228,276	(104,454)	4,856,710	2,465,955	(2,390,755)
OTHER FINANCING SOURCES (USES)						
Operating transfers out	(1,302,425)	(1,302,425)	-	(1,310,425)	(1,310,425)	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	30,305	(74,149)	(104,454)	3,546,285	1,155,530	(2,390,755)
FUND BALANCES, JANUARY 1	757,333	757,333	-	7,094,204	7,094,204	-
PRIOR PERIOD ADJUSTMENT	-	(129,651)	(129,651)	-	-	-
FUND BALANCES, DECEMBER 31	787,638	553,533	(234,105)	10,640,489	8,249,734	(2,390,755)

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital items.

Capital Improvements Fund -- This fund is used to account for the accumulation of resources, primarily from a 1/2¢ capital improvement sales tax, for the acquisition or construction of major capital items.

Recreation Center Fund -- This fund is used to account for the accumulation of resources, primarily from the issuance of bonds, for the construction of the recreation center.

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - CAPITAL PROJECTS FUNDS -
COMBINING BALANCE SHEET
DECEMBER 31, 2003

	Capital Improvements Fund	Recreation Center Fund	Totals
ASSETS			
Cash and investments	\$ 587,451	697,566	1,285,017
Receivables:			
Taxes	354,508	-	354,508
Interest	452	556	1,008
Cash and investments - restricted	-	733,053	733,053
Total Assets	<u>\$ 942,411</u>	<u>1,431,175</u>	<u>2,373,586</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 17,086	748,021	765,107
Retainage payable	-	846,385	846,385
Total Liabilities	<u>17,086</u>	<u>1,594,406</u>	<u>1,611,492</u>
Fund Equity (Deficit)			
Reserved for debt service	-	733,053	733,053
Unreserved:			
Designated for subsequent year purchases	758,314	-	758,314
Undesignated	167,011	(896,284)	(729,273)
Total Fund Equity (Deficit)	<u>925,325</u>	<u>(163,231)</u>	<u>762,094</u>
Total Liabilities And Fund Equity	<u>\$ 942,411</u>	<u>1,431,175</u>	<u>2,373,586</u>

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - CAPITAL PROJECTS FUNDS - COMBINING STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Improvements Fund	Recreation Center Fund	Totals
REVENUES			
Taxes	\$ 1,862,179	-	1,862,179
Investment income	40,545	33,759	74,304
Miscellaneous	99,308	-	99,308
Total Revenues	<u>2,002,032</u>	<u>33,759</u>	<u>2,035,791</u>
EXPENDITURES			
Capital outlay:			
General government	36,008	-	36,008
Public safety	145,470	-	145,470
Public works	525	-	525
Streets	426,873	-	426,873
Parks and recreation	21,625	11,887,553	11,909,178
Total Expenditures	<u>630,501</u>	<u>11,887,553</u>	<u>12,518,054</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,371,531</u>	<u>(11,853,794)</u>	<u>(10,482,263)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	2,000,000	2,000,000
Operating transfers out	<u>(2,230,000)</u>	<u>-</u>	<u>(2,230,000)</u>
Total Other Financing Sources (Uses)	<u>(2,230,000)</u>	<u>2,000,000</u>	<u>(230,000)</u>
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>(858,469)</u>	<u>(9,853,794)</u>	<u>(10,712,263)</u>
FUND BALANCES, JANUARY 1	1,783,794	9,690,563	11,474,357
FUND BALANCES (DEFICIT), DECEMBER 31	<u>\$ 925,325</u>	<u>(163,231)</u>	<u>762,094</u>

Capital Improvements Fund

	Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 2,061,550	1,862,179	(199,371)
Investment income	50,000	40,545	(9,455)
Miscellaneous	109,000	99,308	(9,692)
Total Revenues	<u>2,220,550</u>	<u>2,002,032</u>	<u>(218,518)</u>
EXPENDITURES			
Capital outlay:			
General government	44,073	36,008	(8,065)
Public safety	367,900	145,470	(222,430)
Public works	-	525	525
Streets	467,500	426,873	(40,627)
Parks and recreation	29,500	21,625	(7,875)
Total Expenditures	<u>908,973</u>	<u>630,501</u>	<u>(278,472)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,311,577</u>	<u>1,371,531</u>	<u>59,954</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	(2,230,000)	(2,230,000)	-
Operating transfers out	<u>(2,230,000)</u>	<u>(2,230,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(918,423)	(858,469)	59,954
FUND BALANCES, JANUARY 1	<u>1,783,794</u>	<u>1,783,794</u>	<u>-</u>
FUND BALANCES (DEFICIT), DECEMBER 31	<u>\$ 865,371</u>	<u>925,325</u>	<u>59,954</u>

CITY OF DES PERES, MISSOURI
SUPPLEMENTAL INFORMATION - CAPITAL PROJECTS FUNDS - COMBINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Recreation Center Fund				Totals				
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
-	-	-	2,061,550	1,862,179	(199,371)	367,900	145,470	(222,430)
300,000	33,759	(266,241)	350,000	74,304	(275,696)	-	525	525
-	-	-	109,000	99,308	(9,692)	467,500	426,873	(40,627)
300,000	33,759	(266,241)	2,520,550	2,035,791	(484,759)	12,394,480	11,909,178	(485,302)
12,364,980	11,887,553	(477,427)	13,273,953	12,518,054	(755,899)	-	-	-
12,364,980	11,887,553	(477,427)	-	-	-	2,000,000	2,000,000	-
(12,064,980)	(11,853,794)	211,186	(10,753,403)	(10,482,263)	271,140	(2,230,000)	(2,230,000)	-
2,000,000	2,000,000	-	2,000,000	2,000,000	-	(230,000)	(230,000)	-
-	-	-	(2,230,000)	-	-	-	-	-
2,000,000	2,000,000	-	(230,000)	(230,000)	-	-	-	-
(10,064,980)	(9,853,794)	211,186	(10,983,403)	(10,712,263)	271,140	-	-	-
9,690,563	9,690,563	-	11,474,357	11,474,357	-	-	-	-
(374,417)	(163,231)	211,186	490,954	762,094	271,140	-	-	-

CITY OF DES PERES, MISSOURI
STATISTICAL

STATISTICAL SECTION

CITY OF DES PERES, MISSOURI
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes (2)(3)	Intergovernmental	Licenses	Fees And Permits (4)	Utility Gross Receipts Tax	Investment Income	Miscellaneous	Total
1994	\$ 3,121,205	\$ 488,546	\$ 503,785	\$ 175,055	\$ 549,400	\$ 29,359	\$ 161,640	\$ 5,028,990
1995	2,984,452	526,652	480,819	171,377	596,610	59,223	193,658	5,012,791
1996	2,796,389	546,194	479,047	160,599	599,218	78,628	312,816	4,972,891
1997	2,848,908	571,441	482,572	195,670	607,583	99,717	329,625	5,135,516
1998	2,984,631	576,870	501,790	182,923	614,096	140,684	353,199	5,354,193
1999	3,166,096	648,055	539,857	159,031	639,126	116,130	438,042	5,706,337
2000	3,069,156	642,010	520,387	152,872	672,861	184,974	833,422	6,075,682
2001	2,578,210	661,494	401,359	251,158	714,165	147,412	1,091,900	5,845,698
2002	3,639,015	636,882	560,569	276,892	734,475	70,472	968,628	6,886,933
2003	3,687,898	659,788	611,930	91,924	758,155	61,396	547,589	6,418,680

- (1) Includes General Fund
- (2) Sales tax revenue sharing began in 1994. The three-year phase in, which was estimated to be approximately 20%, was in full effect during fiscal year 1996.
- (3) The City eliminated all real estate tax assessments in 1995.
- (4) In 2003 Recreation Fees were moved to the Park Fund

CITY OF DES PERES, MISSOURI
TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Sales Tax (2)	Property Tax (3)	Public Utility Tax	Interest And Penalties	Intangible	Total
1994	\$ 2,837,432	\$ 272,570	\$ 8,923	\$ 1	\$ 2,279	\$ 3,121,205
1995	2,984,397	23	-	32	-	2,984,452
1996	2,793,271	-	3,118	-	-	2,796,389
1997	2,848,908	-	-	-	-	2,848,908
1998	2,984,631	-	-	-	-	2,984,631
1999	3,166,096	-	-	-	-	3,166,096
2000	3,069,156	-	-	-	-	3,069,156
2001	2,578,210	-	-	-	-	2,578,210
2002	3,639,015	-	-	-	-	3,639,015
2003	3,687,898	-	-	-	-	3,687,898

(1) Includes General Fund

(2) Sales tax revenue sharing began in 1994. The three-year phase in, which was estimated to be approximately 20%, was in full effect during fiscal year 1996.

(3) The City eliminated all real estate tax assessments in 1995.

CITY OF DES PERES, MISSOURI
INTERGOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Years	County Road		Motor Vehicle Sales Tax	Motor Vehicle License Fees	Cigarette Tax	Total
	Gasoline Tax	And Bridge Tax				
1994	\$ 189,053	\$ 179,408	\$ 45,484	\$ 37,467	\$ 37,134	\$ 488,546
1995	199,223	200,444	47,727	37,568	41,690	526,652
1996	219,801	199,257	49,469	38,386	39,281	546,194
1997	233,592	207,779	53,437	38,807	37,826	571,441
1998	235,930	202,370	57,505	40,102	40,963	576,870
1999	246,815	255,579	63,491	44,145	38,025	648,055
2000	254,068	249,571	59,222	39,968	39,181	642,010
2001	247,115	262,909	69,653	46,429	35,388	661,494
2002	234,469	262,600	64,439	41,546	33,828	636,882
2003	243,973	277,654	62,650	42,911	32,600	659,788

(1) Includes General Fund

CITY OF DES PERES, MISSOURI
LICENSE REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

<u>Fiscal Years</u>	<u>Merchant And Vending</u>	<u>Liquor</u>	<u>Total</u>
1994	\$ 491,282	\$ 12,503	\$ 503,785
1995	470,112	10,707	480,819
1996	468,945	10,102	479,047
1997	471,565	11,007	482,572
1998	492,230	9,560	501,790
1999	531,192	8,665	539,857
2000	511,750	8,637	520,387
2001	394,246	7,113	401,359
2002	554,221	6,348	560,569
2003	602,287	9,643	611,930

(1) Includes General Fund

CITY OF DES PERES, MISSOURI
FEES AND PERMITS REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Years	Building, Occupancy And Sign Permits	Zoning And Public		Cable Franchise	Board Of Adjustment Fees		Fire Permits	Recreation Fees (2)	Total
		Improvements Fees							
1994	\$ 28,117	\$ 12,760	\$ 20,208	\$ 4,350	\$ -	\$ 109,620	\$ 175,055		
1995	21,917	23,399	22,005	2,675	-	101,381	171,377		
1996	17,325	14,706	23,663	1,250	-	103,655	160,599		
1997	45,380	21,340	-	2,520	-	126,430	195,670		
1998	41,022	10,177	-	6,400	-	125,324	182,923		
1999	36,190	3,710	-	900	-	118,231	159,031		
2000	38,110	6,360	-	2,200	-	106,202	152,872		
2001	109,577	7,410	-	5,350	-	128,821	251,158		
2002	113,066	9,210	-	2,350	-	111,394	276,892		
2003	72,594	2,460	-	2,900	13,970	-	91,924		

(1) Includes General Fund

(2) In 2003 Recreation Fees were moved to the Park Fund

CITY OF DES PERES, MISSOURI
MISCELLANEOUS REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

<u>Fiscal Years</u>	<u>Court Fines</u>	<u>Rent</u>	<u>Accident Reports</u>	<u>Contracts And Grants</u>	<u>Other</u>	<u>Total</u>
1994	\$ 105,205	\$ 1,200	\$ 3,382	\$ 49,193	\$ 2,660	\$ 161,640
1995	112,550	1,200	3,283	55,500	21,124	193,657
1996	152,347	1,200	2,552	81,750	74,967	312,816
1997	162,072	3,146	-	88,000	76,407	329,625
1998	246,103	-	-	30,625	76,471	353,199
1999	308,887	-	-	-	129,155	438,042
2000	393,250	-	-	34,021	406,148	833,419
2001	341,554	-	-	10,378	739,968	1,091,900
2002	314,791	-	-	4,745	649,092	968,628
2003	321,405	-	-	4,409	221,775	547,589

(1) Includes General Fund

CITY OF DES PERES, MISSOURI
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Calendar Year	Real Estate		Personal Property		Railroads And Utilities	
	Assessed Value (1)(2)	Estimated Actual Value	Assessed Value (1)(2)	Estimated Actual Value	Assessed Value (1)(2)	Estimated Actual Value
1994	\$ 139,995,720	\$ 640,742,002	\$ 27,910,972	\$ 84,578,703	\$ 3,066,408	\$ 9,292,145
1995	147,651,490	675,754,343	32,317,581	97,932,064	2,956,132	8,957,976
1996	148,214,830	679,531,497	38,658,270	117,146,272	2,877,221	8,718,852
1997	162,679,470	742,727,618	35,204,959	105,625,440	3,091,688	9,661,525
1998	176,083,370	804,033,653	36,154,477	108,572,003	3,324,469	10,388,966
1999	190,146,660	868,249,589	37,400,199	112,312,910	2,749,897	8,593,428
2000	195,240,990	889,728,509	41,461,187	124,383,561	2,797,418	8,741,931
2001	210,849,440	962,926,506	40,244,206	120,732,618	2,822,816	8,821,300
2002	219,120,290	976,986,770	41,900,792	125,702,376	2,752,945	8,602,953
2003	249,398,580	1,119,169,511	52,924,819	158,933,390	2,558,773	7,935,391

(1) Assessments are determined by the Assessor of St. Louis County. Property is assessed as of January 1.

(2) Assessments are based on a percentage of estimated actual values. Real property is classified as residential, agricultural or commercial. Residential property is assessed at 19%, agricultural is assessed at 12% and commercial is assessed at 32%. All railroad and utility property is assessed at 32%. All personal property is assessed at 33-1/3%.

Source: St. Louis County Assessor

CITY OF DES PERES, MISSOURI
PROPERTY TAX RATES PER \$100 ASSESSED VALUATION - DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
City of Des Peres, Missouri	\$0.240	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
St. Louis County	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580
Special School District	0.630	0.620	0.620	0.620	0.640	0.620	0.623	0.835	0.849	0.833
St. Louis Community College	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.230	0.232	0.231
St. Louis County Library	0.130	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140
Metro Sewer District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.069	0.069	0.069
Metro Sewer District Extension	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.019	0.019	0.019
Mississippi River Anti-Pollution	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.000	0.000
Sugar Creek Subdistrict	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.062	0.063
Deer Creek Subdistrict	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Meramec River Basin Subdistrict	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Metropolitan Zoological Park	0.224	0.228	0.232	0.232	0.232	0.227	0.232	0.222	0.222	0.226
Sheltered Workshop	0.085	0.085	0.085	0.085	0.080	0.085	0.085	0.085	0.085	0.085
Total Overlapping Governments	2.229	2.233	2.237	2.237	2.252	2.232	2.240	2.430	2.418	2.406
Total City And Overlapping Governments	\$2.469	2.233	2.237	2.237	2.252	2.232	2.240	2.430	2.418	2.406
School districts:										
Kirkwood	\$3.650	3.780	3.810	3.870	3.790	4.220	4.225	3.946	3.744	3.750
Parkway	\$3.090	3.530	3.430	3.440	3.730	3.640	3.603	3.455	3.511	3.451

Source: St. Louis County Assessor

**CITY OF DES PERES, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percentage Of Current Taxes Collected</u>	<u>Total Tax Collection</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>
1994	\$ 335,990	\$ 314,182	93.51 %	\$ 314,182	93.51 %	\$ 21,808	6.49 %
1995 (1)(2)	-	-	-	-	-	-	-
1996	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-

(1) Delinquent tax collection records are maintained by the St. Louis County Assessor's Office. Beginning in 1996, the City no longer tracks this information.

(2) The City eliminated property taxes in 1995.

**CITY OF DES PERES, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

NET ASSESSED VALUE, AS OF JANUARY 1, 2003

\$ 304,882,172

DEBT LIMIT - 10% OF ASSESSED VALUE (*)

\$ 30,488,217

AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:

TOTAL BONDED DEBT

15,415,000

LESS - AMOUNT AVAILABLE IN DEBT
SERVICE FUND FOR BONDED DEBT

109,613

NET AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT

15,305,387

LEGAL DEBT MARGIN

\$ 15,182,830

(*) Under Article VI, Sections 26(b) and 26(c) of the Missouri Constitution, the City by vote of 2/3 of the qualified electors thereof, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed 10% of the assessed valuation of taxable intangible property within the City as asserted by the last completed assessment for state or county purposes. Under Section 26(d) of said Article VI, the City may incur general obligation indebtedness not exceeding in the aggregate an additional 10% of the aforesaid assessed valuation for the purposes of acquiring rights-of-way, constructing and improving sanitary or storm sewer systems; and under Section 26(e) of said Article VI, additional general obligation indebtedness may be incurred for purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the City, provided that the general obligation indebtedness of the City shall not exceed 20% of the assessed valuation.

CITY OF DES PERES, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City Of Des Peres</u>	<u>Amount Applicable To City Of Des Peres</u>
City of Des Peres	\$ 15,415,000	100.00 %	\$ 15,415,000
St. Louis County	217,760,000	1.00	2,177,600
Parkway School District (1)	71,395,381	2.00	1,427,908
Kirkwood School District (1)	<u>35,515,000</u>	17.00	<u>6,037,550</u>
Total Direct And Overlapping Debt	<u>\$ 340,085,381</u>		<u>\$ 25,058,058</u>

(1) Only portions of the school districts are located within the City limits. The applicable amounts refer to that portion of the district that is contained within the City's boundary.

Source: The above-named jurisdictions and the office of the St. Louis Assessor.

CITY OF DES PERES, 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
1994	8,408	\$ 139,995,720	\$ 1,775,000	\$ 41,490	\$ 1,638,510	1.17 %	\$ 195
1995	8,416	147,651,490	1,680,000	49,210	1,550,790	1.05	184
1996	8,480	148,214,830	1,515,000	57,226	1,457,774	0.98	172
1997	8,591	162,679,470	1,430,000	70,055	1,359,945	0.94	158
1998	8,591	176,083,370	1,335,000	66,683	1,268,317	0.72	147
1999	8,679	190,146,660	1,240,000	74,758	1,165,242	0.61	134
2000	8,592	195,240,190	16,140,000	92,323	16,044,677	8.22	1,878
2001	8,592	253,916,462	16,035,000	112,005	15,922,995	6.27	1,853
2002	8,592	263,774,027	15,730,000	112,793	15,617,207	5.92	1,818
2003	8,592	304,882,172	15,415,000	109,613	15,305,387	5.02	1,781

(1) The 2000 population is from the United States Bureau of Census. All other years are estimates made by the Bureau of Census.

CITY OF DES PERES, MISSOURI
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Ratio Of Debt	
				Total General Governmental Expenditures (1)	Service To General Governmental Expenditures
1994	\$ 95,000	\$ 55,040	\$ 150,040	\$ 4,769,073	3.15 %
1995	80,000	68,897	148,897	5,934,019	2.51
1996	85,000	67,442	152,442	6,054,140	2.52
1997	85,000	64,691	149,691	6,343,443	2.36
1998	95,000	61,700	156,700	6,292,569	2.49
1999	95,000	59,072	154,072	6,758,968	2.28
2000	100,000	54,280	154,280	12,144,567	1.27
2001	105,000	625,255	730,255	9,549,775	7.65
2002	305,000	808,563	1,113,563	18,746,174	5.94
2003	315,000	795,216	1,110,216	24,315,664	4.57

(1) Includes all governmental fund types except Special Allocation Fund - West County Center capital outlay.

CITY OF DES PERES, MISSOURI
PRINCIPAL TAXPAYERS
DECEMBER 31, 2003

Taxpayer	Type Of Business	2003 Assessed Value	Percentage Of Total Assessed Value (1)
West County Center LLC	Shopping Center	\$25,161,950	8.25
EDJ Leasing Company	Office Building	17,059,370	5.60
May Department Stores	Shopping Center	6,914,940	2.27
Tenet Health Systems	Des Peres Hospital/Medical Offices	5,910,150	1.94
Duke Realty Investment Inc.	Office Building	4,514,340	1.48
Land Dynamics Inc.	Office Campus	4,005,490	1.31
Southwest Bank of St. Louis	Banking	3,389,440	1.11
Corporate Property Investors	Retail Shopping	2,979,550	0.98
DDR Realty and Maryland Holding Inc.	Shopping Center	2,973,700	0.98
Wal-Mart Properties	Retail Shopping	2,377,790	0.78
		<u>\$75,286,720</u>	<u>24.70</u>
			%

(1) Based on 2003 assessed valuation equal to \$304,882,172.

Source: Office of the St. Louis Assessor

CITY OF DES PERES, MISSOURI
BUILDING PERMITS AND CONSTRUCTION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Number Of Permits Issued</u>	<u>Value Of Construction</u>
1994	111	\$ 7,050,925
1995	116	20,418,141
1996	107	2,090,435
1997	139	6,381,408
1998	257	30,121,416
1999	376	28,535,000
2000	364	47,763,466
2001	277	42,596,725
2002	398	67,823,431
2003	217	23,520,035

Source: Department of Public Works, City of Des Peres, Missouri

CITY OF DES PERES, MISSOURI
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
DECEMBER 31, 2003

<u>Name And Title Of Official</u>	Annual	Amount Of
	<u>Salary (1)</u>	<u>Surety Bond</u>
Douglas Harrns, City Administrator	\$ 102,076	\$ 250,000
William Bridges, Director of Public Safety	82,732	250,000
Denis Knock, Director of Public Works	79,924	250,000
Susan Trautman, Director of Parks and Recreation	68,640	250,000
Andrew Reiter, CPA, Director of Finance	58,656	250,000

(1) Ordinance #2268 - Approved by the Des Peres Board of Aldermen on December 8, 2003.

CITY OF DES PERES, MISSOURI
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2003

Date of incorporation as village	1934	
Date of incorporation as fourth-class city	1954	
Form of government	Mayor/Council/City Administrator	
Number of employees:		
Full-time	100	
Part-time and seasonal	200	
Area		4.25 square miles
Miles of streets	54	
Miles of sidewalks	31	
Number of streets	216	
Number of street lights (provided by the City)	142	
Community centers:		
City Hall	1	
Cremier Community Center	1	
Parks and recreation:		
Acres of parks	72.3	
Number of parks	4	
Park facilities:		
Tennis courts	6	
Miles of trails	2	
Public Safety Department (Police/Fire/EMS):		
Number of stations	2	
Number of officers	39	
Average number of police calls per month	97	
Average number of fire calls per month	63	
Average number of EMS calls per month	63	
Average number of physical arrests	65	
Economic and demographic:		
Population	8,592	St. Louis County
Number of households	3,004	1,018,102
Median family income	\$96,433	404,312
Per capita income	\$40,916	\$61,680
Median home value	\$253,500	\$27,595
		\$116,600

(Continued)

CITY OF DES PERES, MISSOURI
MISCELLANEOUS STATISTICAL DATA (Continued)
DECEMBER 31, 2003

<u>Major Employers Within The City</u>	<u>Type Of Business</u>	<u>Number Of Employees</u>
Edward D. Jones and Company	Investment Company	736
Des Peres Hospital	Health Care	716
Southwestern Bell	Telecommunications	450
Famous Barr	Department Store	430
Cingular Wireless	Telecommunications	420
Nordstrom's	Department Store	394
Sam's Wholesale Club	Warehouse Store	210
Schnucks Markets	Grocery Store	185
JC Penney	Department Store	175
Lord & Taylor	Department Store	160

School Enrollment

<u>Fiscal Year</u>	<u>Total Enrollment</u> <u>Parkway</u>	<u>Total Enrollment</u> <u>Kirkwood</u>
1994	22,606	5,202
1995	22,139	5,138
1996	21,341	5,178
1997	20,700	5,062
1998	20,700	5,061
1999	21,000	5,061
2000	20,547	4,984
2001	20,231	5,061
2002	22,130	5,101
2003	19,928	5,101

CITY OF DES PERES, MISSOURI
SALES TAX (1)
LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Capital Improvement	Park Fund	Fire Fund (2)	Total
	1.25% July 1, 1971	0.50% April 1, 1995	0.50% January 1, 2001	0.25% April 1, 2004	
1994	2,837,432	-	-	-	2,837,432
1995	2,984,397	911,006	-	-	3,895,403
1996	2,793,271	1,442,944	-	-	4,236,215
1997	2,820,578	1,414,924	-	-	4,235,502
1998	2,933,974	1,518,379	-	-	4,452,353
1999	3,085,308	1,590,569	-	-	4,675,877
2000	2,939,290	1,547,067	-	-	4,486,357
2001	2,393,470	1,216,170	1,272,296	-	4,881,936
2002	3,280,420	1,563,697	1,783,807	-	6,627,924
2003	3,466,210	1,862,179	1,893,582	-	7,221,971

(1) All revenues are reported net of any costs of collection, sharing or allocation for TIF.

(2) Des Peres voters approved a new .25% sales tax for fire purposes effective April 1, 2004.

Notes:

In 1997 the City created a Tax Increment Finance District which provides for diverting 50% of any incremental sales above the 1996 taxes generated by fund in the shopping center to the Special Allocation Fund until all TIF Notes retire which is anticipated between 2013 and 2020.

Because of the significance of sales taxes as a major part of city revenues and due to its concentration in a small area, the City has chosen to insure its sales tax revenue stream at West County Center against loss due to a fire or natural disaster. The policy insures revenues for a 12 month period with a \$25,000 deductible.