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Comprehensive Annual Financial Report, 2004

City of Des Peres

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The City of Des Peres, Missouri

Comprehensive Annual Financial Report for the
fiscal year ending December 31, 2004



The Lodge Des Peres

RICHARD G. LAHR
MAYOR

DOUGLAS J. HARMS
CITY ADMINISTRATOR

LAURA D. HANKINS, CPA
DIRECTOR OF FINANCE

CITY OF DES PERES, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2004**

Prepared by the Finance Department
Laura D. Hankins, CPA
Director of Finance

CITY OF DES PERES, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF DES PERES, MISSOURI
INTRODUCTORY

INTRODUCTORY SECTION



**City of Des Peres
Missouri**

April 1, 2005

The Honorable Mayor Richard Lahr,
Members of the Board of Aldermen, and the
Citizens of the City of Des Peres, Missouri

We hereby transmit the comprehensive annual financial report of the City of Des Peres, Missouri (City), as of December 31, 2004, and for the year then ended. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

In addition, state statutes require an annual audit by independent certified public accountants. The accounting firm of Hochschild, Bloom & Company LLP was retained by the City. The independent auditors' report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information is included in the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Des Peres' MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Des Peres, incorporated in 1934, is a fourth class city located in St. Louis County, Missouri and is located approximately 7 miles to the west of the City of St. Louis. The City is a high-end residential community of approximately 3,100 single-family homes and an estimated population of 8,592. 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.

12325 Manchester Rd. • Des Peres, Missouri 63131 • Phone (314) 835-6100 • Fax 835-6101
Relay Missouri 1-800-735-2966 TDD
www.desperesmo.org

The legislative body of the City is the Board of Aldermen, which is comprised of 6 aldermen and a mayor. Two aldermen are elected from each of the City's 3 wards and serve two-year terms. The Mayor, elected at large to serve a two-year term, is the presiding officer of the Board of Aldermen. The Mayor may vote in the event of a tie vote by the Board of Aldermen. In addition, one alderman is appointed as Board President to act in the Mayor's behalf during his absence. A city administrator is appointed by the Mayor with the advice and consent of the Board of Aldermen. The city administrator is the chief assistant to the Mayor and is responsible for the day to day management of the City's business and staff. The city administrator is also responsible for the employment and discharge of City employees under policies established by the Board of Aldermen.

The City has several advisory boards and commissions composed of citizens appointed by the Mayor with the advice and consent of the Board of Aldermen. The advisory boards and commissions include the, Audit & Finance Committee, Parks & Recreation Commission and Technology Committee. In addition, the Mayor with the advice and consent of the Board of Aldermen appoints citizens to other boards and commissions which have responsibility for governmental functions relating to zoning and building codes. These boards and commissions are the Planning and Zoning Commission and the Board of Adjustment. The Public Safety Commission members are appointed as ward representatives by the Aldermen from their ward subject to approval by the majority vote of the Board of Aldermen.

The City has approximately 90 full-time equivalent employees and provides a full range of services. These services include police and fire protection; EMS; the maintenance of streets and other infrastructure; sanitation and health; parks and recreation; code enforcement; and general administrative services.

The annual budget serves as the foundation for the City of Des Peres' financial planning and control. The budget is prepared by fund and department, for all governmental funds of the City. After a proposed budget is prepared, it is submitted to the Board of Aldermen for review. The Board of Aldermen may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered fund balance or less any deficit estimated for the beginning of the budget year. Following public hearings on the proposed budget, the annual operating budgets are approved through the adoption of the budget resolution by the affirmative vote of a majority of the members of the Board of Aldermen and approval by the Mayor.

LOCAL ECONOMY

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 store – Famous Barr, Nordstroms, JC Penney, Lord & Taylor and Dick's Sporting Goods. The redevelopment was made possible through the creation of a Tax Increment Financing District (Manchester-Ballas Redevelopment Area) in January 1, 1997. The importance of this project to the overall economy of the St. Louis region cannot be understated. The redevelopment of the shopping center, together with existing 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 Pointe, Des Peres Square, Olympic Oaks Village, Sam's and Schnuck's Center.

Due to these factors, over the past 10 years, the City has been able to voluntarily roll back the property tax in the City to \$0.00 without cutting any City services.

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 Road 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. Southwestern Bell Communications (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.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund was 35.5 percent of total general fund revenues for 2004. Maintaining a reasonable fund reserve in all funds, is to protect the City, the residents of Des Peres and employees against fluctuations in revenues and unforeseen expenditures that might otherwise require drastic short term solutions involving either temporary tax increases, reductions in force and reduction in service levels.

The City has created a Special Allocation Fund for purposes of accounting for revenues generated in the Tax Increment Financing District (Manchester-Ballas Redevelopment Area). These revenues are remitted by the City on a monthly basis to a 3rd party trustee for safekeeping, investment and use in paying off principal and interest on the TIF bonds. Under the provisions of the Redevelopment Agreement, the City has agreed to utilize revenues in excess of those required to meet bond obligations to both accelerate debt service payments to pay down the bonds early and to pass-thru a portion to other taxing jurisdictions, most notably the local school districts, on an annual basis. During 2004, the City was able to pay down \$1.4 million in bonds early and to pass thru \$590,353 in payments in lieu of taxes to local taxing jurisdictions.

RELEVANT FINANCIAL POLICIES

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 the 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 balances in the City's operating account are invested nightly using a sweep depository account and overnight repurchase agreements.

Debt Management

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 (GO) 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 the 2003 GO Public Safety Refunding Bonds. Also, a transfer is made from the Park Fund from a portion of the Park Sales Tax proceeds to meet debt service obligations for both the 2000 GO and 2002 COPS bond issues that were used to finance construction of the Lodge Des Peres, the City's community center.

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, automotive 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 a local insurance brokerage firm 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. 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 2004, the City received a dividend from SLAIT of \$46,723. All Cities are rated and policies are written individually.

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 with a fishing dock, gazebo, 2 playgrounds, 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 twenty-three (23) acres under the Urban Wildacres Program for future use a preservation areas. In addition, the City has been recognized for twenty-two (22) 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 room and sauna, large whirlpool, swim 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 rooms, 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 and wave pool. In addition, the outdoor facility features a spray garden for young and old alike. Community reaction to the facility has been overwhelming positive. Memberships, both in sheer number and dollar revenues have exceeded expectations for 2004. The City expects to facility to meet or exceed expectations in many areas for years to come.

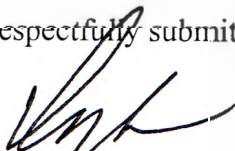
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Des Peres for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003. This was the ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

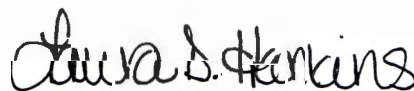
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance department. Each member of the department and all City employees who supplied information have our sincere appreciation for the contributions made in preparation of this report. Credit also must be given to the Mayor and Board of Aldermen for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Des Peres' finances.

Respectfully submitted,



Douglas J. Harms
City Administrator



Laura D. Hankins, CPA
Director of Finance

CITY OF DES PERES, MISSOURI
CITY OFFICIALS

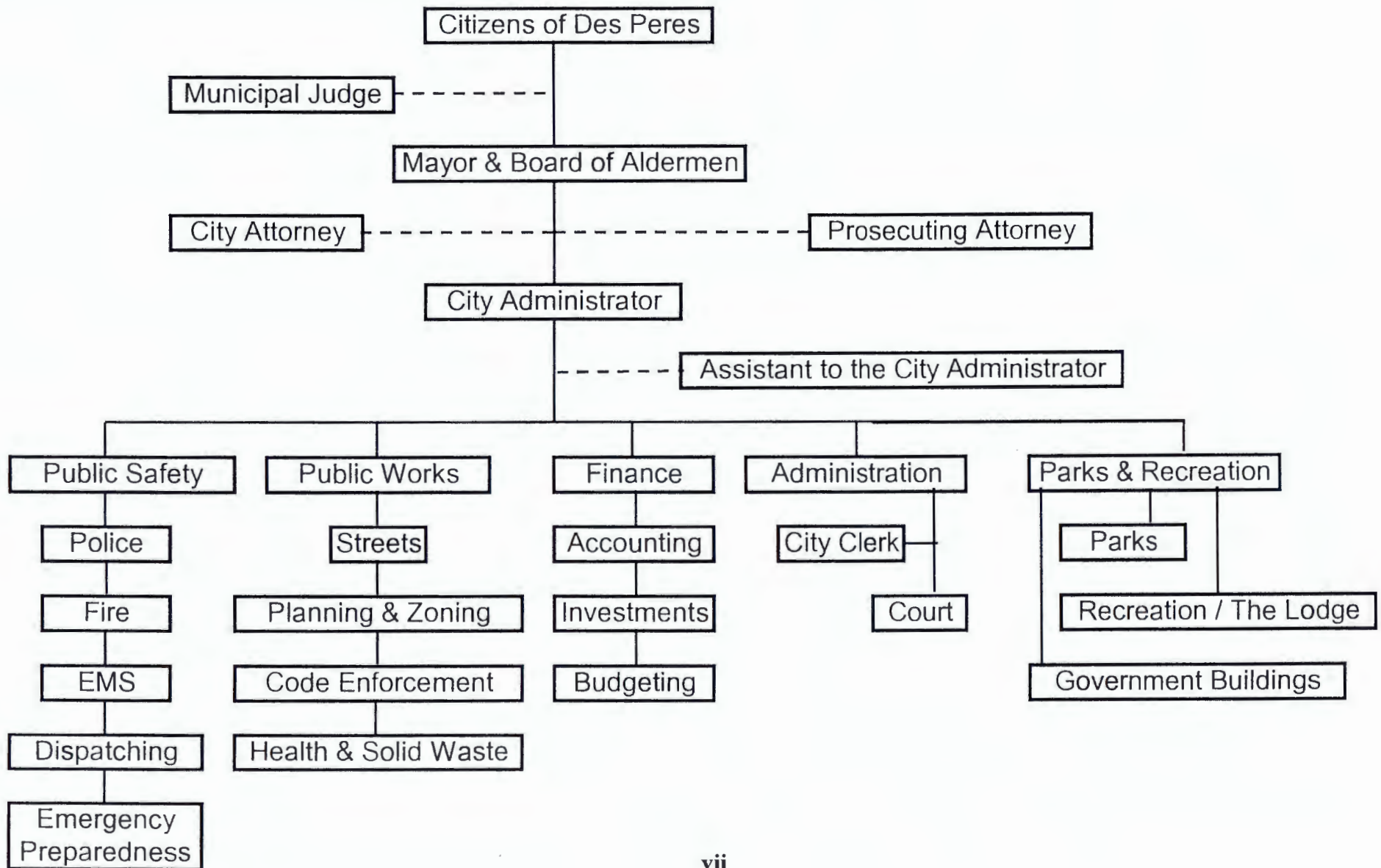
ELECTED OFFICIALS

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 Harms	City Administrator
William Bridges	Director of Public Safety
Denis Knock, PE	Director of Public Works
Laura Hankins, CPA	Director of Finance
Susan Trautman, CPRP	Director of Parks and Recreation
Jason McConachie	Assistant to the City Administrator
Linda Schulte	City Clerk

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, 2003

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



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

CITY OF DES PERES, MISSOURI
FINANCIAL

FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

April 1, 2005

Honorable Mayor and City Council
CITY OF DES PERES, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF DES PERES, MISSOURI** (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

During the fiscal year 2004, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

- 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



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The Management's Discussion and Analysis and Budgetary Comparison Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Des Peres, Missouri, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage readers to use this document in conjunction with the transmittal letter in the Introductory Section of this report and with the City's financial statements that follow this section.

Beginning this year, the City of Des Peres implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly changed the content and structure of the financial statements. As a result, comparable information for the previous fiscal year is not being provided. Comparative information will be provided in future years.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the liabilities of the City of Des Peres exceeded its assets (net assets) at the end of the current fiscal year, for a total of (\$11,575,784). The City has a deficit in unrestricted net assets totaling (\$36,387,212) due to \$37,845,000 in Tax Increment Revenue Bonds outstanding at year-end for infrastructure assets not owned by the City.
- The City's total net assets increased by \$3,356,448. This increase is primarily attributable to an increase in revenues for the TIF district (West County Center), the newly enacted Fire Sales tax, and the first full year of revenues for the *Lodge Des Peres*.
- At the close of the current fiscal year, the City of Des Peres' governmental funds reported combined ending fund balances of \$12,911,811, an increase of \$616,589 in comparison with the prior year. Approximately 18.9% of this total or \$2,433,991 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,433,991 or 35.1% of total general fund expenditures.
- The City of Des Peres' total debt decreased by \$2,550,560 or 4.1% during 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Des Peres' basic financial statements. The City of Des Peres' basic financial

statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Des Peres' finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the city of Des Peres' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Des Peres is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Des Peres that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Des Peres include general government, public safety, public works, streets, parks and recreation and health. The City of Des Peres does not have any business-type activities.

The government-wide financial statements can be found on pages 14-15 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Des Peres, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Des Peres are governmental funds. It should be noted that the City of Des Peres does not have any fiduciary or proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate the comparison between *governmental funds* and the government-wide *governmental activities*.

The City of Des Peres maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Allocation-West County Center Fund, Park Fund and Capital Improvements Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds." Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the other supplementary information section in this report.

The City of Des Peres adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for all funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 16-19 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20-31 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 32-38 of this report.

OTHER SUPPLEMENTARY INFORMATION

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 39-48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As mentioned previously, new accounting standards significantly changed the content and structure of the financial statements, and much of the information is not easily comparable to prior years. Subsequent statements will include a more detailed comparison.

As noted earlier, net assets may serve, over time, to be a useful indicator of a government's financial position. In the case of the City of Des Peres, liabilities exceeded its assets (net assets) at the end of the current fiscal year, for a total of (\$11,575,784).

The largest portion of the City of Des Peres' net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Des Peres uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Des Peres' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Des Peres' Net Assets
Governmental Activities
December 31, 2004

Assets		
Current and other assets	\$	14,810,219
Capital assets, net		<u>36,693,482</u>
Total assets		<u>51,503,701</u>
 Liabilities		
Long-term liabilities		60,311,952
Other liabilities		<u>2,767,533</u>
Total liabilities		<u>63,079,485</u>
 Net Assets		
Invested in capital assets, net of		
Related debt		14,428,482
Restricted		10,382,946
Unrestricted		<u>(36,387,212)</u>
Total net assets	\$	<u>(11,575,784)</u>

An additional portion of the City of Des Peres' net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$36,387,212) is explained further below.

At the end of the current fiscal year, the City of Des Peres is able to report positive balances in two categories of net assets, for the government as a whole. Unrestricted net assets are negative due to \$37,845,000 in Tax Increment Revenue Bonds outstanding at year-end for infrastructure assets not owned by the City. The TIF bonds are limited obligations of the City and are funded only by incremental revenues generated within the TIF district.

Governmental Activities

Governmental activities increased the City of Des Peres' net assets by \$3,356,448. Key elements of this are as follows:

**City of Des Peres' Changes in Net Assets
Governmental Activities
Fiscal Year Ended December 31, 2004**

Revenues

<i>Program revenues:</i>	
Charges for services	\$ 2,599,180
Operating grants and Contributions	744,037
<i>General revenues:</i>	
Taxes	13,927,274
Investment income	141,064
Miscellaneous	<u>125,185</u>
Total revenues	<u>17,536,740</u>

Expenses

General government	1,106,333
Public safety	4,351,139
Public works	315,508
Streets	922,947
Parks and recreation	3,868,855
Health	513,452
Interest on long-term debt	<u>3,102,058</u>
Total expenses	<u>14,180,292</u>

Changes in net assets 3,356,448

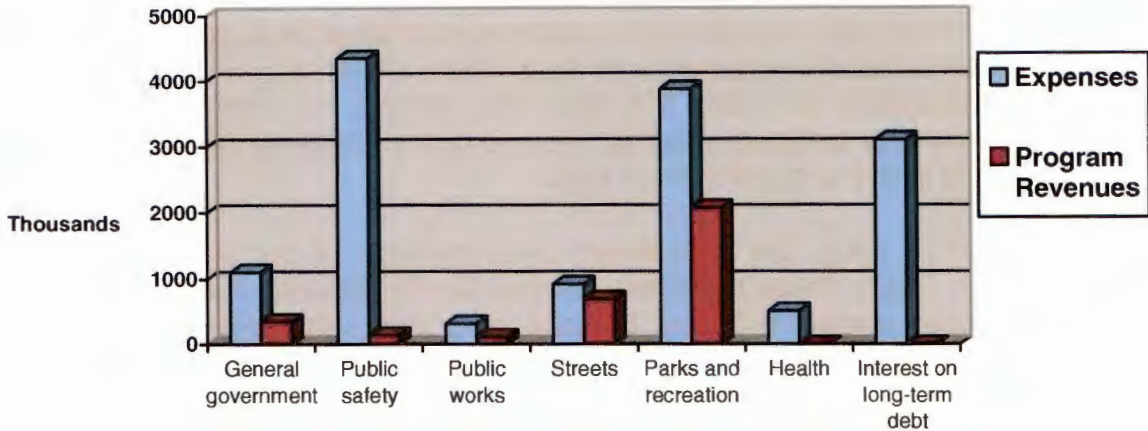
Net assets – 12/31/2003 (14,932,232)

Net assets – 12/31/2004 (11,575,784)

- 2004 was the first full year of operations for the City's new recreation complex, *The Lodge Des Peres*. The activity for this operation is recorded in the Park Fund.
- 2004 was the first year for the *Fire Sales Tax Fund*, which accounts for the new ¼ cent sales tax collected to support fire prevention and operations.

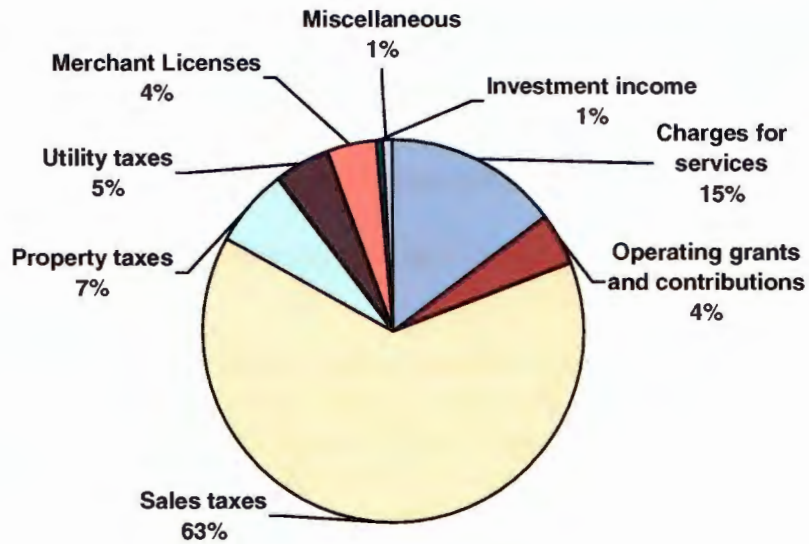
Following is a chart comparing program revenues and expenses for the individual government activities for the current year. As the chart reflects, all activities are supported by assistance from General Revenues (e.g., Taxes, Interest, etc).

Expenses and Program Revenues - Governmental Activities



The next chart reflects the percent of the total for each source of revenue supporting governmental activities.

Revenues by Source - Governmental Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Des Peres uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Des Peres' governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of 2004, the unreserved fund balance of the General fund was \$2,433,991. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 32.3% of total general fund expenditures and transfers out of \$7,533,375, while the total fund balance represents 34.3% of total general fund expenditures and transfers out.

The fund balance in the City's general fund decreased by \$223,941 or 8.0% from the prior year fund balance. The change of the current year's fund balance is mainly due to:

- \$600,000 was transferred out of the general fund into the Recreation Center Fund to subsidize final construction costs of the city's recreation facility, *The Lodge Des Peres*.
- Interest from investments was down significantly due to record low short-term interest rates and the maturity of the City's long term investments purchased when interest rates were higher.

Changes in fund balances for other major governmental funds can be described as follows:

- Special Allocation Fund – West County Center decreased by \$450,249 or 5.6%. This decrease was due to \$590,353 of taxes collected above the TIF requirement and passed back through and distributed to other taxing jurisdictions. At December 31, 2004, the unreserved fund balance and total fund balance was \$7,542,206.
- Park Fund decreased by \$330,231 or 56.7%. This decrease was a result of a \$600,000 transfer out to the Recreation Center Fund for final construction costs of the city's recreation facility, *The Lodge Des Peres*. At December 31, 2004, the unreserved fund balance and total fund balance was \$252,570.

- Capital Improvements Fund decreased by \$426,271 or 46.1%. This decrease was a result of a \$600,000 transfer out to the Recreation Center Fund for final construction costs of the city's recreation facility, *The Lodge Des Peres*. At December 31, 2004, the unreserved fund balance and total fund balance was \$499,054.

General Fund Budgetary Highlights

In the general fund, the following significant variances occurred between budget, amended budget and actual expenditures:

- The public safety department had \$53,065 under budget in personnel services due to two employees away on military leave during the year.
- The public works department had a \$70,340 decrease in its personnel services budget from the original adopted budget. This was due to the City Planner position being eliminated in 2004.

CAPITAL ASSETS

The City has invested \$36,693,482 in a broad range of capital assets, including park facilities, roads, buildings, machinery & equipment and automobiles & trucks. This amount represents a net increase for the current fiscal year (including additions and deletions) of \$170,760.

**City of Des Peres' Capital Assets
Net of Depreciation**

		December 31, 2004	December 31, 2003
Land	\$	10,331,767	10,173,467
Buildings		22,001,794	21,911,805
Vehicles		567,225	526,343
Furniture, fixtures & equipment		922,113	1,095,209
Infrastructure		2,870,583	2,815,898
Total	\$	36,693,482	36,522,722

Additional information on the City's capital assets can be found in Note C of the notes to the basic financial statements.

LONG-TERM DEBT

At the end of December 2004, the City had outstanding long-term debt obligations for governmental activities in the amount of \$60,110,000 compared to \$62,650,000 in 2003. Of this amount, \$37,845,000 is in tax increment financing bonds (West County Center), \$15,095,000 is in general obligation bonds (Public Safety Building and Recreation Center Construction), and \$7,170,000 is in certificates of participation (Recreation Center Construction). The 4.1% decrease in the City's long-term debt obligations is due to the City not issuing any new debt in the current year.

City of Des Peres' Outstanding Debt

	December 31, 2004	December 31, 2003
Tax increment revenue bonds	\$ 37,845,000	40,065,000
General obligation bonds	15,095,000	15,415,000
Certificates of participation	7,170,000	7,170,000
Total	\$ 60,110,000	62,650,000

Additional information on the City's long-term debt can be found in Note D of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The downturn in our nation's economy has affected the budgets of many states and municipalities across the United States. We continue to hear news about the economic difficulties facing legislators on both the state and national levels. Many cities across the country have had to cut programs because of reduced revenue. However, at the City of Des Peres, the proposed 2005 budget continues to fund all current City services while maintaining the same commitment to high level customer service.

- The 2005 budget includes revenues for a full year from the new ¼ cent Fire Sales Tax. This tax was effective April 1, 2004.
- The 2005 budget continues for the 11th consecutive year a rollback of the cities allowable real estate tax to \$0.00 representing a significant savings to Des Peres residents and businesses. The city is legally authorized to levy a tax of \$0.24 which would generate an estimated \$600,000 per year.

- The City will continue its free sanitation and recycling program to Des Peres single family residents in 2005, representing an annual savings to homeowners of nearly \$200 per year.
- Revenues for *The Lodge Des Peres* have been set to be competitive with but at the high end of similar municipal recreation centers in the metropolitan area. Rates have been increased by \$50 per year for non-resident individuals and families.
- City operations are service oriented, thus are provided by using human resources. Consequently, the single largest expenditure within the operating budgets is for salary and benefits representing 73.8% of projected operating costs for 2005.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Des Peres' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, City of Des Peres, 12325 Manchester Road, Des Peres, MO 63131 or by logging on to the City's website at www.desperesmo.org.

CITY OF DES PERES, MISSOURI
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Governmental Activities
ASSETS	
Cash and investments	\$ 7,070,219
Receivables:	
Taxes	2,561,797
Interest	6,396
Court	50,972
Other	167,273
Prepaid items	65,121
Restricted assets:	
Cash and investments	4,864,733
Interest receivable	23,708
Capital assets:	
Land	10,331,767
Other capital assets, net of accumulated depreciation	26,361,715
Total Assets	51,503,701
LIABILITIES	
Accounts payable	306,408
Accrued payroll	169,095
Retainage payable	56,844
Deposits payable	561,829
Court bonds payable	11,142
Unearned revenue	793,090
Accrued interest payable	869,125
Noncurrent liabilities:	
Due within one year	2,210,390
Due in more than one year	58,101,562
Total Liabilities	63,079,485
NET ASSETS	
Invested in capital assets, net of related debt	14,428,482
Restricted for:	
Debt service	847,791
Employees retirement system	81,938
Tax increment financing projects	7,542,206
Sewer lateral repair project	81,014
Capital projects	539,216
Special projects	1,290,781
Unrestricted	(36,387,212)
Total Net Assets	\$ (11,575,784)

CITY OF DES PERES, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

		Program Revenues		Net Revenues (Expenses) And Changes In Net Assets Primary Government
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants And Contributions	Governmental Activities
Primary Government				
Governmental Activities				
General government	\$ 1,106,333	296,677	46,723	(762,933)
Public safety	4,351,139	125,928	6,095	(4,219,116)
Public works	315,508	106,415	-	(209,093)
Streets	922,947	-	691,219	(231,728)
Parks and recreation	3,868,855	2,070,160	-	(1,798,695)
Health	513,452	-	-	(513,452)
Interest on long-term debt	3,102,058	-	-	(3,102,058)
Total Governmental Activities	\$ 14,180,292	2,599,180	744,037	(10,837,075)
 General Revenues				
Taxes:				
Sales tax				11,242,447
Property taxes				1,141,801
Utility taxes				830,038
Merchant licenses (taxes)				712,988
Investment income				141,064
Miscellaneous				125,185
Total General Revenues				14,193,523
 CHANGE IN NET ASSETS				 3,356,448
 NET ASSETS, JANUARY 1				 (14,932,232)
 NET ASSETS, DECEMBER 31				 \$ (11,575,784)

See notes to financial statements

CITY OF DES PERES, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,983,016	2,923,792	800,540	185,919	1,176,952	7,070,219
Receivables:						
Taxes	1,210,617	541,131	299,575	361,277	149,197	2,561,797
Interest	5,729	-	-	441	226	6,396
Court	50,972	-	-	-	-	50,972
Other	93,325	-	21,542	-	52,406	167,273
Prepaid items	65,121	-	-	-	-	65,121
Restricted assets:						
Cash and investments	81,938	4,065,543	-	-	717,252	4,864,733
Interest receivable	-	11,740	-	-	11,968	23,708
Total Assets	<u>\$ 3,490,718</u>	<u>7,542,206</u>	<u>1,121,657</u>	<u>547,637</u>	<u>2,108,001</u>	<u>14,810,219</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 199,358	-	44,241	48,583	14,226	306,408
Accrued payroll	137,339	-	31,756	-	-	169,095
Retainage payable	-	-	-	-	56,844	56,844
Deposits payable	561,829	-	-	-	-	561,829
Court bonds payable	11,142	-	-	-	-	11,142
Deferred revenue	-	-	793,090	-	-	793,090
Total Liabilities	<u>909,668</u>	<u>-</u>	<u>869,087</u>	<u>48,583</u>	<u>71,070</u>	<u>1,898,408</u>
Fund Balances						
Reserved for:						
Debt service	-	-	-	-	847,791	847,791
Prepays	65,121	-	-	-	-	65,121
Employees retirement system	81,938	-	-	-	-	81,938
Unreserved:						
Designated for subsequent purchases	-	-	-	-	864,500	864,500
Undesignated:						
General Fund	2,433,991	-	-	-	-	2,433,991
Special Revenue Funds	-	7,542,206	252,570	-	284,478	8,079,254
Capital Projects Funds	-	-	-	499,054	40,162	539,216
Total Fund Balances	<u>2,581,050</u>	<u>7,542,206</u>	<u>252,570</u>	<u>499,054</u>	<u>2,036,931</u>	<u>12,911,811</u>
Total Liabilities And Fund Balances	<u>\$ 3,490,718</u>	<u>7,542,206</u>	<u>1,121,657</u>	<u>547,637</u>	<u>2,108,001</u>	<u>14,810,219</u>

See notes to financial statements

CITY OF DES PERES, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004

Total Fund Balances - Governmental Funds	\$ 12,911,811
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$49,512,218 and the accumulated depreciation is \$12,818,736.	36,693,482
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued interest payable	(869,125)
Compensated absences	(201,952)
Bonds payable outstanding	<u>(60,110,000)</u>
Net Assets Of Governmental Activities	<u><u>\$ (11,575,784)</u></u>

CITY OF DES PERES, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,917,603	3,689,806	2,002,314	1,961,645	704,964	12,276,332
Intergovernmental	722,520	-	-	-	-	722,520
Licenses	712,988	-	-	-	-	712,988
Fees and permits	96,133	-	2,070,160	-	-	2,166,293
Utility gross receipts tax	810,520	-	-	-	-	810,520
Investment income	27,030	92,478	4,025	8,557	8,974	141,064
Miscellaneous	559,830	-	32	39,791	146,161	745,814
Total Revenues	<u>6,846,624</u>	<u>3,782,284</u>	<u>4,076,531</u>	<u>2,009,993</u>	<u>860,099</u>	<u>17,575,531</u>
EXPENDITURES						
Current:						
General government	1,019,893	-	-	-	-	1,019,893
Public safety	4,094,630	-	-	-	-	4,094,630
Public works	257,188	-	-	-	59,669	316,857
Streets	600,853	-	-	-	-	600,853
Parks and recreation	447,359	-	2,505,887	-	-	2,953,246
Health	513,452	-	-	-	-	513,452
Capital outlay	-	-	-	894,754	904,660	1,799,414
Debt service:						
Principal retirement	-	2,220,000	-	-	320,000	2,540,000
Interest and fiscal charges	-	2,012,533	-	-	1,108,064	3,120,597
Total Expenditures	<u>6,933,375</u>	<u>4,232,533</u>	<u>2,505,887</u>	<u>894,754</u>	<u>2,392,393</u>	<u>16,958,942</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(86,751)</u>	<u>(450,249)</u>	<u>1,570,644</u>	<u>1,115,239</u>	<u>(1,532,294)</u>	<u>616,589</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	462,810	-	-	-	4,666,924	5,129,734
Transfers out	(600,000)	-	(1,900,875)	(1,541,510)	(1,087,349)	(5,129,734)
Total Other Financing Sources (Uses)	<u>(137,190)</u>	<u>-</u>	<u>(1,900,875)</u>	<u>(1,541,510)</u>	<u>3,579,575</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(223,941)	(450,249)	(330,231)	(426,271)	2,047,281	616,589
FUND BALANCES (DEFICIT), JANUARY 1	2,578,836	7,652,933	553,533	925,325	(10,350)	11,700,277
PRIOR PERIOD ADJUSTMENT	226,155	339,522	29,268	-	-	594,945
FUND BALANCES, DECEMBER 31	<u>\$ 2,581,050</u>	<u>7,542,206</u>	<u>252,570</u>	<u>499,054</u>	<u>2,036,931</u>	<u>12,911,811</u>

See notes to financial statements

CITY OF DES PERES, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Net Change In Fund Balances - Governmental Funds \$ 616,589

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold totalling \$1,444,934 exceeded depreciation (\$1,245,126) in the current period. 199,808

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is the decrease in net assets (29,048)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt repayments 2,540,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest on bonds	18,539	
Compensated absences	10,560	
	29,099	29,099

Change In Net Assets Of Governmental Activities \$ 3,356,448

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting and financial reporting policies applied by the **CITY OF DES PERES, MISSOURI** (the City) conform to U.S. generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

1. The Financial Reporting Entity

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB 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. It was determined that there are no component units to be included in the City's reporting entity.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recog-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

nized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e. matured).

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major 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 Allocation Fund - West County Center -- The Special Allocation Fund is a Special Revenue Fund used to account for revenues generated by the West County Center TIF district for the payment of debt service and other expenditures.

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

Capital Improvements Fund -- The Capital Improvements Fund is a Capital Projects Fund used to account for the accumulation of resources, primarily from a ½¢ capital improvement sales tax, for the acquisition or construction of major capital items.

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

4. 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.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash, Cash Equivalents, and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that all investments be reported in the financial statements at fair value. Fair value is established as readily determinable current market value for equity and debt securities.

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. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB 34, infrastructure assets constructed, purchased, or donated effective January 1, 2004 are reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings	20 - 45
Vehicles	5 - 20
Furniture, fixtures, and equipment	3 - 5
Infrastructure	30 - 50

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. Sick leave is accumulated based upon length

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Compensated Absences (Continued)

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. All vacation pay is accrued when incurred in the government-wide financial statements.

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 levy a property tax.

10. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

11. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

12. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

13. 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.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Allowance for Doubtful Accounts

No significant uncollectible receivables have been estimated, therefore, no allowance for doubtful accounts has been recorded.

15. Deferred Revenue

The City has received recreation fees in advance from yearly members. These fees are recognized as revenue on a monthly basis. This deferred revenue is recorded in the government-wide and fund financial statements.

NOTE B - CASH AND INVESTMENTS

1. Deposits

At December 31, 2004 the City's carrying amount of deposit was \$4,291,316 and the bank balance was \$4,199,277. Of the bank balance \$1,275,263 was covered by federal depository insurance, \$2,757,033 was covered by collateral pledged by the City or its agent in the City's name, and the remainder of \$166,981 was uncollateralized. As of January 4, 2005, the City's bank balances were entirely secured or collateralized with securities held by the City or by 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 following is a reconciliation of the City's deposit and investment balances:

	<u>December 31, 2004</u> <u>Cash And Investments</u>
Government-wide statement of net assets	\$11,934,952

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.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

	December 31, 2004			Carrying Amount/ Fair Value
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government and agency securities	\$4,886,895	-	-	4,886,895
Money market funds				3,929,663
Certificates of deposit				1,075,362
Amounts to reconcile to cash and investments				<u>2,043,032</u>
Total Cash And Investments - Primary Government				<u>\$11,934,952</u>

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2004			
	Balance December 31 2003	Additions	Deletions	Balance December 31 2004
	Governmental Activities			
Capital assets not being depreciated:				
Land	\$10,173,467	158,300	-	10,331,767
Capital assets being depreciated:				
Buildings	24,223,325	669,994	-	24,893,319
Vehicles	1,521,176	220,933	188,737	1,553,372
Furniture, fixtures, and equipment	3,277,684	195,050	9,500	3,463,234
Infrastructure	<u>9,041,683</u>	<u>228,843</u>	-	<u>9,270,526</u>
Total Capital Assets Being Depreciated	<u>38,063,868</u>	<u>1,314,820</u>	<u>198,237</u>	<u>39,180,451</u>
Less - Accumulated depreciation for:				
Buildings	2,311,520	580,005	-	2,891,525
Vehicles	994,833	122,817	131,503	986,147
Furniture, fixtures, and equipment	2,182,475	368,146	9,500	2,541,121
Infrastructure	<u>6,225,785</u>	<u>174,158</u>	-	<u>6,399,943</u>
Total Accumulated Depreciation	<u>11,714,613</u>	<u>1,245,126</u>	<u>141,003</u>	<u>12,818,736</u>
Total Capital Assets Being Depreciated, Net	<u>26,349,255</u>	<u>69,694</u>	<u>57,234</u>	<u>26,361,715</u>
Governmental Activities Capital Assets, Net	<u>\$36,522,722</u>	<u>227,994</u>	<u>57,234</u>	<u>36,693,482</u>

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	<u>For The Year Ended December 31 2004</u>
Governmental activities:	
General government	\$ 58,523
Public safety	156,861
Streets	256,293
Parks and recreation	<u>773,449</u>
Total Depreciation Expense - Governmental Activities	<u>\$1,245,126</u>

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

	<u>December 31 2004</u>
\$15,000,000 general obligation bonds, Series 2000, due in annual installments through February 1, 2020, interest ranges from 4.35% to 5.35%.	\$14,400,000
\$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>695,000</u>
	<u>\$22,265,000</u>

Changes in long-term debt are as follows:

	For The Year Ended December 31, 2004			Balance December 31 2004	Amounts Due Within One Year
	Balance December 31 2003	Additions	Deletions		
Tax increment revenue bonds	\$40,065,000	-	2,220,000	37,845,000	1,850,000
General obligation bonds	15,415,000	-	320,000	15,095,000	320,000
Certificates of participation	<u>7,170,000</u>	<u>-</u>	<u>-</u>	<u>7,170,000</u>	<u>-</u>
Total Bonds Payable	62,650,000	-	2,540,000	60,110,000	2,170,000
Compensated absences	<u>212,512</u>	<u>8,357</u>	<u>18,917</u>	<u>201,952</u>	<u>40,390</u>
Total Governmental Activity Long- Term Liabilities	<u>\$62,862,512</u>	<u>8,357</u>	<u>2,558,917</u>	<u>60,311,952</u>	<u>2,210,390</u>

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

Compensated absences are generally liquidated by the General Fund.

The summary of principal debt service requirements are as follows:

For The Years Ended December 31	2000 Issue		2002 Certificates		2003 Refunding Issue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2005	\$ 200,000	736,738	-	347,888	120,000	13,950	320,000
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	750,000	656,763	410,000	317,838	155,000	2,170	1,315,000	976,771
2010 - 2014	4,700,000	2,645,050	2,330,000	1,301,362	-	-	7,030,000	3,946,412
2015 - 2019	7,500,000	1,237,800	2,965,000	672,103	-	-	10,465,500	1,909,903
2020	-	38,475	690,000	36,915	-	-	690,000	75,390
	<u>\$14,400,000</u>	<u>7,440,356</u>	<u>7,170,000</u>	<u>3,705,519</u>	<u>695,000</u>	<u>43,761</u>	<u>22,265,000</u>	<u>11,189,636</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.

The 2002 Certificates Reserve Fund is below the required balance at December 31, 2004, due to market value fluctuations in the investment balances. In February 2005 the Reserve Fund received interest income bringing the Fund in compliance.

Subsequent to year-end, the City issued \$14,555,000 in General Obligation Refunding Bonds, Series 2005. The purpose of the bonds was to advance refund the City's outstanding General Obligation Bonds, Series 2000, and to pay the costs of issuing the bonds. The bonds are dated February 1, and will mature in varying amounts through February 1, 2020. Interest rates range from 2.15% to 5.375%.

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 equaling the present value of accrued benefits at December 31, 1999, excluding the value of

NOTE E - PENSION PLANS (Continued)

1. Money Purchase Plan (Continued)

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 \$393,954 for the year ended December 31, 2004.

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 - INTERFUND TRANSFERS

Individual fund transfers are as follows:

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - INTERFUND TRANSFERS (Continued)

For The Year Ended December 31, 2004					
Transfer From					
	General Fund	Park Fund	Capital Improve- ments Fund	Other Govern- mental Funds	Total
Transfer To:					
General Fund	\$ -	7,300	96,510	359,000	462,810
Other govern- mental funds	<u>600,000</u>	<u>1,893,575</u>	<u>1,445,000</u>	<u>728,349</u>	<u>4,666,924</u>
	<u>\$600,000</u>	<u>1,900,875</u>	<u>1,541,510</u>	<u>1,087,349</u>	<u>5,129,734</u>

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

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 2004, the City received a dividend from SLAIT of \$44,441.

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.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - 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**

2005	\$ 38,730
2006	38,730
2007	20,258
2008	<u>7,053</u>
	<u>\$104,771</u>

NOTE J - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES

During fiscal year 2004, the City adopted GASB Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 (GASB 37), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38 (GASB 38), *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB 34 (as amended by GASB 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Additionally, the City's statement of net assets includes capital assets and long-term liabilities of the City which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. In addition to the fixed assets previously recorded in the General Fixed Assets Account Group, the City capitalized infrastructure assets acquired on or after January 1, 2004. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the City's General Fund, Special Allocation Fund - West County Center Fund, Park Fund, Capital Improvements Fund, and other governmental funds, which is similar to that previously presented for these funds in the City's financial statements, although the format of financial statements has been modified by GASB 34.

CITY OF DES PERES, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE J - ACCOUNTING CHANGE AND RESTATEMENT OF FUND BALANCES
(Continued)

GASB 34 also includes, as required supplementary information, Management's Discussion and Analysis, which provides an analytical overview of the City's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the General Fund, Special Allocation Fund - West County Center Fund, Park Fund, and Capital Improvements Fund.

GASB 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five-year increments, and interfund balances and transactions.

These statements had a significant effect on the City's financial reporting model. All statements were retroactively applied to January 1, 2004. Restatement of net assets within the government-wide governmental activities financial statements is as follows:

General Fund	\$ 2,804,991
Special Revenue Funds	8,618,524
Capital Projects Fund	762,094
Debt Service Fund	<u>109,613</u>
Total Fund Equity, December 31, 2003, As Restated	12,295,222
Required GASB 34 adjustments:	
Capital assets, net accumulated depreciation	36,522,722
Long-term and other liabilities	<u>(63,750,176)</u>
Total Net Assets, December 31, 2003	<u>(\$14,932,232)</u>

The previously stated fund balances have been adjusted as follows:

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund
Fund balances, December 31, 2003, as previously reported	\$2,578,836	7,652,933	553,533
Restatement for:			
Receivables	39,421	339,522	29,268
Compensated absences	<u>186,734</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31, 2003, As Restated	<u>\$2,804,991</u>	<u>7,992,455</u>	<u>582,801</u>

NOTE K - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2004, expenditures exceeded appropriations in the Capital Projects Recreation Center Fund by \$874,660. Revenues, other financing sources, and fund equity were available to cover the excess.

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Sales tax and use taxes	\$ 3,930,000	3,930,000	3,917,603	(12,397)
Utility gross receipts tax	769,500	769,500	810,520	41,020
Intergovernmental				
Gasoline tax	240,500	240,500	253,640	13,140
County road and bridge tax	294,000	294,000	329,838	35,838
Motor vehicle sales tax	62,000	62,000	62,681	681
Motor vehicle license fees	43,000	43,000	45,060	2,060
Cigarette tax	33,000	33,000	31,301	(1,699)
Total Intergovernmental	672,500	672,500	722,520	50,020
Licenses				
Merchant and vending	600,500	600,500	703,465	102,965
Liquor	10,000	10,000	9,523	(477)
Total Licenses	610,500	610,500	712,988	102,488
Fees and permits				
Building, occupancy, and sign permits	51,000	51,000	82,306	31,306
Zoning and public improvements fees	10,000	10,000	5,075	(4,925)
Board of adjustment fees	3,000	3,000	818	(2,182)
Fire permits	20,000	20,000	7,934	(12,066)
Total Fees And Permits	84,000	84,000	96,133	12,133
Investment income	60,000	60,000	27,030	(32,970)
Miscellaneous				
Ambulance fees	100,000	100,000	125,928	25,928
Court fines	330,000	330,000	294,020	(35,980)
Contracts and grants	5,000	5,000	4,095	(905)
Other	70,000	70,000	135,787	65,787
Total Miscellaneous	505,000	505,000	559,830	54,830
Total Revenues	6,631,500	6,631,500	6,846,624	215,124

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
General government				
Boards and commissions:				
Personnel services	39,495	39,495	39,436	(59)
Materials and supplies	1,000	1,000	698	(302)
Contractual services	53,100	56,100	62,708	6,608
Administration:				
Personnel services	248,400	248,400	245,459	(2,941)
Materials and supplies	700	700	895	195
Contractual services	10,100	10,100	7,042	(3,058)
Law:				
Personnel services	99,060	99,060	103,806	4,746
Materials and supplies	150	150	-	(150)
Contractual services	59,700	59,700	60,735	1,035
Finance:				
Personnel services	154,600	161,800	170,106	8,306
Materials and supplies	250	250	101	(149)
Contractual services	85,710	115,710	102,569	(13,141)
Government center:				
Materials and supplies	15,850	15,850	18,043	2,193
Contractual services	215,110	217,870	208,295	(9,575)
Total General Government	<u>983,225</u>	<u>1,026,185</u>	<u>1,019,893</u>	<u>(6,292)</u>
Public safety				
Personnel services	3,690,085	3,690,085	3,637,020	(53,065)
Materials and supplies	82,000	82,000	79,150	(2,850)
Contractual services	409,855	412,855	378,460	(34,395)
Total Public Safety	<u>4,181,940</u>	<u>4,184,940</u>	<u>4,094,630</u>	<u>(90,310)</u>
Public works				
Personnel services	313,070	242,730	246,633	3,903
Materials and supplies	2,600	2,600	1,954	(646)
Contractual services	10,600	10,600	8,601	(1,999)
Total Public Works	<u>326,270</u>	<u>255,930</u>	<u>257,188</u>	<u>1,258</u>
Streets				
Personnel services	454,750	459,800	457,663	(2,137)
Materials and supplies	71,350	75,350	70,956	(4,394)
Contractual services	73,950	73,950	72,234	(1,716)
Total Streets	<u>600,050</u>	<u>609,100</u>	<u>600,853</u>	<u>(8,247)</u>

(Continued)

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parks and recreation				
Park maintenance:				
Personnel services	319,120	319,120	332,635	13,515
Materials and supplies	52,150	52,150	62,686	10,536
Contractual services	54,425	54,425	52,038	(2,387)
Total Parks And Recreation	<u>425,695</u>	<u>425,695</u>	<u>447,359</u>	<u>21,664</u>
Health - contractual services	<u>532,500</u>	<u>532,500</u>	<u>513,452</u>	<u>(19,048)</u>
Total Expenditures	<u>7,049,680</u>	<u>7,034,350</u>	<u>6,933,375</u>	<u>(100,975)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(418,180)</u>	<u>(402,850)</u>	<u>(86,751)</u>	<u>316,099</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	462,810	462,810	462,810	-
Transfers out	-	(600,000)	(600,000)	-
Total Other Financing Sources (Uses)	<u>462,810</u>	<u>(137,190)</u>	<u>(137,190)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 44,630</u>	<u>(540,040)</u>	<u>(223,941)</u>	<u>316,099</u>
FUND BALANCE, JANUARY 1			2,578,836	
PRIOR PERIOD ADJUSTMENT (NOTE J)			<u>226,155</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 2,581,050</u>	

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - SPECIAL REVENUE - SPECIAL ALLOCATION FUND - WEST COUNTY CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,502,306	3,784,647	3,689,806	(94,841)
Investment income	-	125,000	92,478	(32,522)
Total Revenues	<u>3,502,306</u>	<u>3,909,647</u>	<u>3,782,284</u>	<u>(127,363)</u>
EXPENDITURES				
Debt service:				
Principal retirement	2,285,620	2,220,000	2,220,000	-
Interest and fiscal charges	1,986,452	1,449,452	2,012,533	563,081
Total Expenditures	<u>4,272,072</u>	<u>3,669,452</u>	<u>4,232,533</u>	<u>563,081</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (769,766)</u>	<u>240,195</u>	<u>(450,249)</u>	<u>(690,444)</u>
FUND BALANCE, JANUARY 1			7,652,933	
PRIOR PERIOD ADJUSTMENT (NOTE J)			<u>339,522</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 7,542,206</u>	

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE - PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,818,600	1,818,600	2,002,314	183,714
Fees and permits	1,564,825	2,067,820	2,070,160	2,340
Investment income	80,000	80,000	4,025	(75,975)
Miscellaneous	21,200	21,200	32	(21,168)
Total Revenues	<u>3,484,625</u>	<u>3,987,620</u>	<u>4,076,531</u>	<u>88,911</u>
EXPENDITURES				
Current:				
Parks and recreation	<u>2,438,825</u>	<u>2,692,160</u>	<u>2,505,887</u>	<u>(186,273)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,045,800</u>	<u>1,295,460</u>	<u>1,570,644</u>	<u>275,184</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	-	-	-
Transfers out	<u>(1,300,875)</u>	<u>(1,900,875)</u>	<u>(1,900,875)</u>	-
Total Other Financing Sources (Uses)	<u>(1,050,875)</u>	<u>(1,900,875)</u>	<u>(1,900,875)</u>	-
NET CHANGE IN FUND BALANCE	<u>\$ (5,075)</u>	<u>(605,415)</u>	<u>(330,231)</u>	<u>275,184</u>
FUND BALANCE, JANUARY 1			553,533	
PRIOR PERIOD ADJUSTMENT (NOTE J)			<u>29,268</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 252,570</u>	

CITY OF DES PERES, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

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.
- 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 lapse.

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, 2004		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Special Revenue - Special Allocation Fund - West County Center Fund	<u>\$3,669,452</u>	<u>4,232,533</u>	<u>563,081</u>

OTHER SUPPLEMENTARY INFORMATION SECTION

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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 Funds revenues to be used for repair and maintenance of sewer lateral systems.

Fire Sales Tax Fund -- This fund is used to account for the ¼% sales tax collected to support fire prevention and operations.

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

Debt Service Fund -- This fund is used to account for the accumulation of resources for, and the payment of, general obligation and certificates of participation long-term debt principal, interest, and related costs.

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>Sewer Lateral Fund</u>	<u>Fire Sales Tax Fund</u>	<u>Recreation Center Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 61,088	918,767	78,752	118,345	1,176,952
Receivables:					
Taxes	-	149,197	-	-	149,197
Interest	-	-	-	226	226
Other	22,406	-	30,000	-	52,406
Restricted assets:					
Cash and investments	-	-	-	717,252	717,252
Interest receivable	-	-	-	11,968	11,968
Total Assets	<u>\$ 83,494</u>	<u>1,067,964</u>	<u>108,752</u>	<u>847,791</u>	<u>2,108,001</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,480	-	11,746	-	14,226
Retainage payable	-	-	56,844	-	56,844
Total Liabilities	<u>2,480</u>	<u>-</u>	<u>68,590</u>	<u>-</u>	<u>71,070</u>
Fund Balances					
Reserved for debt service	-	-	-	847,791	847,791
Unreserved:					
Designated for fire equipment	-	864,500	-	-	864,500
Undesignated:					
Special Revenue Funds	81,014	203,464	-	-	284,478
Capital Projects Fund	-	-	40,162	-	40,162
Total Fund Balances	<u>81,014</u>	<u>1,067,964</u>	<u>40,162</u>	<u>847,791</u>	<u>2,036,931</u>
Total Liabilities And Fund Balances	<u>\$ 83,494</u>	<u>1,067,964</u>	<u>108,752</u>	<u>847,791</u>	<u>2,108,001</u>

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Sewer Lateral Fund	Fire Sales Tax Fund	Recreation Center Fund	Debt Service Fund	Totals
REVENUES					
Taxes	\$ -	704,964	-	-	704,964
Investment income	-	-	6,402	2,572	8,974
Miscellaneous	106,415	-	30,000	9,746	146,161
Total Revenues	<u>106,415</u>	<u>704,964</u>	<u>36,402</u>	<u>12,318</u>	<u>860,099</u>
EXPENDITURES					
Current:					
Public works	59,669	-	-	-	59,669
Capital outlay	-	-	904,660	-	904,660
Debt service:					
Principal retirement	-	-	-	320,000	320,000
Interest and fiscal charges	-	-	-	1,108,064	1,108,064
Total Expenditures	<u>59,669</u>	<u>-</u>	<u>904,660</u>	<u>1,428,064</u>	<u>2,392,393</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>46,746</u>	<u>704,964</u>	<u>(868,258)</u>	<u>(1,415,746)</u>	<u>(1,532,294)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	713,000	1,800,000	2,153,924	4,666,924
Transfers out	(9,000)	(350,000)	(728,349)	-	(1,087,349)
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>363,000</u>	<u>1,071,651</u>	<u>2,153,924</u>	<u>3,579,575</u>
NET CHANGE IN FUND BALANCES	37,746	1,067,964	203,393	738,178	2,047,281
FUND BALANCES (DEFICIT), JANUARY 1	43,268	-	(163,231)	109,613	(10,350)
FUND BALANCES, DECEMBER 31	<u>\$ 81,014</u>	<u>1,067,964</u>	<u>40,162</u>	<u>847,791</u>	<u>2,036,931</u>

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE - SEWER LATERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Miscellaneous	\$ 97,375	106,415	9,040
EXPENDITURES			
Current:			
Public works	<u>88,000</u>	<u>59,669</u>	<u>(28,331)</u>
REVENUES OVER (UNDER) EXPENDITURES	9,375	46,746	37,371
OTHER FINANCING SOURCES (USES)			
Transfer out	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 375</u>	37,746	<u>37,371</u>
FUND BALANCE, JANUARY 1		<u>43,268</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 81,014</u>	

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE - FIRE SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes	\$ 692,800	692,800	704,964	12,164
OTHER FINANCING SOURCES (USES)				
Transfers in	-	713,000	713,000	-
Transfers out	(350,000)	(350,000)	(350,000)	-
Total Other Financing Sources (Uses)	(350,000)	363,000	363,000	-
NET CHANGE IN FUND BALANCE	<u>\$ 342,800</u>	<u>1,055,800</u>	1,067,964	<u>12,164</u>
FUND BALANCE, JANUARY 1			-	
FUND BALANCE, DECEMBER 31			<u>\$ 1,067,964</u>	

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS - RECREATION CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 50,000	50,000	6,402	(43,598)
Miscellaneous	-	-	30,000	30,000
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>36,402</u>	<u>(13,598)</u>
EXPENDITURES				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>904,660</u>	<u>874,660</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>(868,258)</u>	<u>(888,258)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,800,000	1,800,000	-
Transfers out	<u>(250,000)</u>	<u>(717,600)</u>	<u>(728,349)</u>	<u>(10,749)</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>1,082,400</u>	<u>1,071,651</u>	<u>(10,749)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (230,000)</u>	<u>1,102,400</u>	<u>203,393</u>	<u>(899,007)</u>
FUND BALANCE (DEFICIT), JANUARY 1			<u>(163,231)</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 40,162</u>	

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Investment income	\$ 3,000	3,000	2,572	(428)
Miscellaneous	9,745	9,745	9,746	1
Total Revenues	<u>12,745</u>	<u>12,745</u>	<u>12,318</u>	<u>(427)</u>
EXPENDITURES				
Debt service:				
Principal	320,000	320,000	320,000	-
Interest and fiscal charges	1,113,530	1,113,530	1,108,064	(5,466)
Total Expenditures	<u>1,433,530</u>	<u>1,433,530</u>	<u>1,428,064</u>	<u>(5,466)</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,420,785)	(1,420,785)	(1,415,746)	5,039
OTHER FINANCING SOURCES				
Transfers in	<u>1,425,575</u>	<u>2,143,175</u>	<u>2,153,924</u>	<u>10,749</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,790</u>	<u>722,390</u>	738,178	<u>15,788</u>
FUND BALANCE, JANUARY 1			<u>109,613</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 847,791</u>	

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND - BUDGETARY INFORMATION

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Capital Improvements Fund -- The Capital Improvements Fund is a Capital Projects Fund used to account for the accumulation of resources, primarily from a ½¢ capital improvement sales tax, for the acquisition or construction of major capital items.

CITY OF DES PERES, MISSOURI
OTHER SUPPLEMENTARY INFORMATION -
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS - CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,770,200	1,770,200	1,961,645	191,445
Investment income	20,000	20,000	8,557	(11,443)
Miscellaneous	50,000	50,000	39,791	(10,209)
Total Revenues	<u>1,840,200</u>	<u>1,840,200</u>	<u>2,009,993</u>	<u>169,793</u>
EXPENDITURES				
Capital outlay:				
General government	134,210	149,210	83,728	(65,482)
Public safety	228,380	246,380	232,611	(13,769)
Public works	-	15,000	12,631	(2,369)
Streets	410,000	517,500	448,074	(69,426)
Parks and recreation	82,900	129,400	117,710	(11,690)
Total Expenditures	<u>855,490</u>	<u>1,057,490</u>	<u>894,754</u>	<u>(162,736)</u>
REVENUES OVER (UNDER) EXPENDITURES	984,710	782,710	1,115,239	332,529
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(228,510)</u>	<u>(1,541,510)</u>	<u>(1,541,510)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 756,200</u>	<u>(758,800)</u>	<u>(426,271)</u>	<u>332,529</u>
FUND BALANCE, JANUARY 1			<u>925,325</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 499,054</u>	

STATISTICAL SECTION

CITY OF DES PERES, MISSOURI
GOVERNMENT-WIDE EXPENSES BY FUNCTION (1)
FOR THE YEAR ENDED DECEMBER 31, 2004

Function:

General government	\$	1,106,333
Public safety		4,351,139
Public works		315,508
Streets		922,947
Parks and recreation		3,868,855
Health		513,452
Interest on long-term debt		<u>3,102,058</u>
		<u>\$ 14,180,292</u>

(1) First year of implementation of GASB 34.

CITY OF DES PERES, MISSOURI
GOVERNMENT-WIDE REVENUES BY SOURCE (1)
FOR THE YEAR ENDED DECEMBER 31, 2004

Source:

Program revenues:

Charges for services	\$ 2,599,180
Operating grants and contributions	744,037

General revenues:

Taxes	13,927,274
Investment income	141,064
Miscellaneous	<u>125,185</u>

Total Revenues	<u><u>\$ 17,536,740</u></u>
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(1) First year of implementation of GASB 34.

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

Fiscal Years	Boards And Commissions	Administration	Law	Finance	Municipal Building	Public Safety	Public Works	Streets	Park Maintenance	Health	Recreation
1995	\$ 75,428	\$ 117,639	\$ 119,447	\$ 141,378	\$ 138,516	\$ 1,890,182	\$ 486,854	\$ -	\$ 212,131	\$ 333,991	\$ 155,254
1996 (2)	81,244	125,737	121,688	154,582	137,668	1,954,306	186,396	369,493	233,025	312,361	172,110
1997 (3)	75,135	148,944	140,421	156,127	126,573	2,625,380	260,713	443,695	281,266	286,993	206,228
1998	114,284	159,651	171,547	175,999	123,700	2,807,121	278,109	474,008	310,349	323,375	219,879
1999	122,305	238,418	122,884	175,473	128,166	2,731,646	339,100	469,551	297,355	351,942	192,438
2000	94,391	205,101	131,752	196,315	136,784	3,267,625	419,137	513,141	345,758	444,490	206,916
2001	74,737	292,544	146,020	178,661	187,552	3,512,218	340,533	515,854	387,466	496,715	311,555
2002	97,875	260,690	142,376	186,224	241,133	3,900,307	380,777	572,142	410,496	476,153	465,955
2003	101,787	251,132	154,500	189,141	238,692	4,227,472	387,002	594,055	411,249	492,954	946,408
2004	102,842	253,396	164,541	272,776	226,338	4,094,630	316,857	600,853	447,359	513,452	2,505,887

Fiscal Years	Capital Projects	Debt Service	Insurance And Pension	Total
1995	\$ 1,451,297	\$ 150,803	\$ 661,099	\$ 5,934,019
1996 (2)	1,391,793	152,442	661,295	6,054,140
1997 (3)	1,442,277	149,691	-	6,343,443
1998	977,847	156,700	-	6,292,569
1999	1,435,618	154,072	-	6,758,968
2000	6,028,877	154,280	-	12,144,567
2001	2,374,645	731,275	-	9,549,775
2002	9,365,027	2,247,019	-	18,746,174
2003	12,518,054	3,803,218	-	24,315,664
2004	1,799,414	5,660,597	-	16,958,942

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

(2) In 1996, the public works department was split into two separate departments, public works, and streets.

(3) In 1997, the insurance and pension costs were distributed to departments.

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

Fiscal Years	Taxes (2)(3)	Utility Gross Receipts Tax	Intergovernmental	Licenses	Fees And Permits (4)	Investment Income	Miscellaneous (5)	Total
1995	\$ 2,984,452	\$ 596,610	\$ 526,652	\$ 480,819	\$ 171,377	\$ 59,223	\$ 193,658	\$ 5,012,791
1996	2,796,389	599,218	546,194	479,047	160,599	78,628	312,816	4,972,891
1997	2,848,908	607,583	571,441	482,572	195,670	99,717	329,625	5,135,516
1998	2,984,631	614,096	576,870	501,790	182,923	140,684	353,199	5,354,193
1999	3,166,096	639,126	648,055	539,857	159,031	116,130	438,042	5,706,337
2000	3,069,156	672,861	642,010	520,387	152,872	184,974	833,422	6,075,682
2001	2,578,210	714,165	661,494	401,359	251,158	147,412	1,091,900	5,845,698
2002	3,639,015	734,475	636,882	560,569	276,892	70,472	968,628	6,886,933
2003	3,687,898	758,155	659,788	611,930	91,924	61,396	547,589	6,418,680
2004	3,917,603	810,520	722,520	712,988	96,133	27,030	559,830	6,846,624

(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.

(5) Includes court fines and ambulance fees

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

<u>Fiscal Years</u>	<u>Sales Tax And Use Taxes (2)</u>	<u>Property Tax (3)</u>	<u>Public Utility Tax</u>	<u>Interest And Penalties</u>	<u>Total</u>
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
2004	3,917,603	-	-	-	3,917,603

(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

<u>Fiscal Years</u>	<u>Gasoline Tax</u>	<u>County Road And Bridge Tax</u>	<u>Motor Vehicle Sales Tax</u>	<u>Motor Vehicle License Fees</u>	<u>Cigarette Tax</u>	<u>Total</u>
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
2004	253,640	329,838	62,681	45,060	31,301	722,520

(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>
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
2004	703,465	9,523	712,988

(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 Improvements Fees	Cable Franchise	Board Of Adjustment Fees	Fire Permits	Recreation Fees (2)	Total
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	40,872	111,394	276,892
2003	72,594	2,460	-	2,900	13,970	-	91,924
2004	82,306	5,075	-	818	7,934	-	96,133

(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>Ambulance Fees</u>	<u>Court Fines</u>	<u>Rent</u>	<u>Accident Reports</u>	<u>Contracts And Grants</u>	<u>Other</u>	<u>Total</u>
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	10,960	246,103	-	-	30,625	65,511	353,199
1999	10,277	308,887	-	-	-	118,878	438,042
2000	20,335	393,250	-	-	34,021	385,813	833,419
2001	46,275	341,554	-	-	10,378	693,693	1,091,900
2002	82,765	314,791	-	-	4,745	566,327	968,628
2003	107,710	321,405	-	-	4,409	114,065	547,589
2004	125,928	294,020	-	-	4,095	135,787	559,830

(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
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
2004	257,949,600	1,149,279,544	62,137,550	186,412,652	2,777,652	8,680,163

(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

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City of Des Peres, Missouri	<u>\$0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
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	0.620	0.620	0.620	0.640	0.620	0.623	0.835	0.849	0.833	0.905
St. Louis Community College	0.240	0.240	0.240	0.240	0.240	0.240	0.230	0.232	0.231	0.237
St. Louis County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150
Metro Sewer District	0.070	0.070	0.070	0.070	0.070	0.070	0.069	0.069	0.069	0.069
Metro Sewer District Extension	0.020	0.020	0.020	0.020	0.020	0.020	0.019	0.019	0.019	0.019
Mississippi River Anti-Pollution	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.000	0.000	0.000
Sugar Creek Subdistrict	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.062	0.063	0.066
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	0.228	0.232	0.232	0.232	0.227	0.232	0.222	0.222	0.226	0.276
Sheltered Workshop	0.085	0.085	0.085	0.080	0.085	0.085	0.085	0.085	0.085	0.085
Total Overlapping Governments	<u>2.233</u>	<u>2.237</u>	<u>2.237</u>	<u>2.252</u>	<u>2.232</u>	<u>2.240</u>	<u>2.430</u>	<u>2.418</u>	<u>2.406</u>	<u>2.547</u>
Total City And Overlapping Governments	<u>\$2.233</u>	<u>2.237</u>	<u>2.237</u>	<u>2.252</u>	<u>2.232</u>	<u>2.240</u>	<u>2.430</u>	<u>2.418</u>	<u>2.406</u>	<u>2.547</u>
School districts:										
Kirkwood	\$3.780	3.810	3.870	3.790	4.220	4.225	3.946	3.744	3.750	3.859
Parkway	\$3.530	3.430	3.440	3.730	3.640	3.603	3.455	3.511	3.451	3.692

Source: St. Louis County Assessor

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

<u>Fiscal Years</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>
1995 (1)(2)	\$ -	\$ -	- %	\$ -	- %	\$ -	- %
1996	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-

(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, 2004**

NET ASSESSED VALUE, AS OF JANUARY 1, 2004		<u>\$ 322,864,802</u>
DEBT LIMIT - 10% OF ASSESSED VALUE (*)		\$ 32,286,480
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:		
TOTAL BONDED DEBT	15,095,000	
LESS - AMOUNT AVAILABLE IN DEBT SERVICE FUND FOR BONDED DEBT	<u>847,791</u>	
NET AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		<u>14,247,209</u>
LEGAL DEBT MARGIN		<u>\$ 18,039,271</u>

(*) 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, 2004

<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	\$ 15,095,000	100.00 %	\$ 15,095,000
St. Louis County	107,830,000	1.00	1,078,300
Parkway School District (1)	110,822,349	2.00	2,216,447
Kirkwood School District (1)	33,550,000	17.00	5,703,500
Total Direct And Overlapping Debt	<u>\$ 267,297,349</u>		<u>\$ 24,093,247</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

<u>Fiscal Years</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio Of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2004	8,592	322,864,802	15,095,000	847,791	14,247,209	4.41	1,658

(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

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio Of Debt Service To General Governmental Expenditures</u>	
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	
2004	320,000	757,366	1,077,366	16,958,942	6.35	

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

CITY OF DES PERES, MISSOURI
PRINCIPAL TAXPAYERS
DECEMBER 31, 2004

Taxpayer	Type Of Business	2004 Assessed Value	Percentage Of Total Assessed Value (1)
West County Center LLC	Shopping Center	\$26,636,346	8.25 %
EDJ Leasing Company	Office Building	18,080,429	5.60
May Department Stores	Shopping Center	7,329,031	2.27
Tenet Health Systems	Des Peres Hospital/Medical Offices	6,263,577	1.94
Duke Realty Investment Inc.	Office Building	4,778,399	1.48
Land Dynamics Inc.	Office Campus	4,229,529	1.31
Southwest Bank of St. Louis	Banking	3,583,799	1.11
Corporate Property Investors	Retail Shopping	3,164,075	0.98
DDR Realty and Maryland Holding Inc.	Shopping Center	3,164,075	0.98
Wal-Mart Properties	Retail Shopping	2,518,345	0.78
		<u>\$79,747,605</u>	<u>24.70 %</u>

(1) Based on 2004 assessed valuation equal to \$322,864,802

Source: Office of the St. Louis Assessor

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

<u>Fiscal Years</u>	<u>Number Of Permits Issued</u>	<u>Value Of Construction</u>
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
2004	213	20,184,320

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

CITY OF DES PERES, MISSOURI
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
DECEMBER 31, 2004

<u>Name And Title Of Official</u>	<u>Annual Salary (1)</u>	<u>Amount Of Surety Bond</u>
Douglas Harms, 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
Laura Hankins, CPA, Director of Finance	60,000	250,000
Susan Trautman, Director of Parks and Recreation	68,640	250,000

(1) Ordinance #2268 and #2288 - Approved by the Des Peres Board of Aldermen on December 8, 2003 and June 14, 2004.

CITY OF DES PERES, MISSOURI
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2004

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			90
Part-time and seasonal			144
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
Cremer Community Center			1
Lodge Des Peres			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			42
Average number of police calls per month			819
Average number of fire calls per month			65
Average number of EMS calls per month			66
Average number of physical arrests			66
Economic and demographic:		<u>Des Peres</u>	<u>St. Louis County</u>
Population		8,592	1,016,315
Number of households		3,095	404,607
Median family income		\$96,433	\$50,532
Per capita income		\$40,916	\$27,595
Median home value		\$253,500	\$116,600

(Continued)

CITY OF DES PERES, MISSOURI
MISCELLANEOUS STATISTICAL DATA (Continued)
DECEMBER 31, 2004

<u>Major Employers Within The City</u>	<u>Type Of Business</u>	<u>Number Of Employees</u>
Edward D. Jones and Company	Investment Company	785
Des Peres Hospital	Health Care	716
Southwestern Bell	Telecommunications	450
Famous Barr	Department Store	207
Cingular Wireless	Telecommunications	420
Nordstrom's	Department Store	305
Sam's Wholesale Club	Warehouse Store	210
Schnucks Markets	Grocery Store	170
JC Penney	Department Store	175
Lord & Taylor	Department Store	160

School Enrollment

<u>Fiscal Year</u>	<u>Total Enrollment Parkway</u>	<u>Total Enrollment Kirkwood</u>
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
2004	19,578	5,109

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

<u>Fiscal Years</u>	<u>General Fund 1.25% July 1, 1971</u>	<u>Capital Improvement Fund 0.50% April 1, 1995</u>	<u>Park Fund 0.50% January 1, 2001</u>	<u>Fire Fund (2) 0.25% April 1, 2004</u>	<u>Total</u>
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
2004	3,714,822	1,961,645	2,002,314	704,964	8,383,745

(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.