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Comprehensive Annual Financial Report, 2005

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, 2005



Richard G. Lahr
Mayor

Douglas J. Harms, CCM
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, 2005

*Report prepared and submitted by the
Department of Finance*

*Laura D. Hankins, CPA
Director of Finance*

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Introductory Section

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April 21, 2006

**City of Des Peres
Missouri**

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

We hereby submit the comprehensive annual financial report of the City of Des Peres, Missouri (City), as of December 31, 2005, 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 is accurate in all material respects and is 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 is 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 RubinBrown 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.

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 and has veto power. In addition, one alderman is appointed as Board President to act on 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 91 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 stores - 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) on 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 11 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 enjoys nearly 1.5 million square feet of office space within the City limits and an additional 1 million 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. AT&T 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 41.9 percent of total general fund revenues for 2005. Maintaining a reasonable fund reserve in all funds, protects 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 or 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 2005, the City was able to pay down \$330,000 in bonds early and to pass thru \$511,931 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, U.S. government agencies, bonds issued by the State of Missouri, or local governments in Missouri with a population greater than 400,000.

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 2002 COPS and 2005 GO Refunding 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 2005, the City received a dividend from SLAIT of \$40,959. 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 as 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 overwhelmingly positive. Memberships, both in sheer number and dollar revenues, have exceeded expectations for 2005. The City expects the facility to meet or exceed expectations in many areas for years to come.

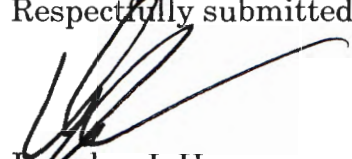
AWARDS AND ACKNOWLEDGEMENTS

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, 2004. This was the tenth 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.

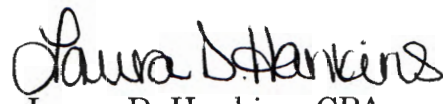
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

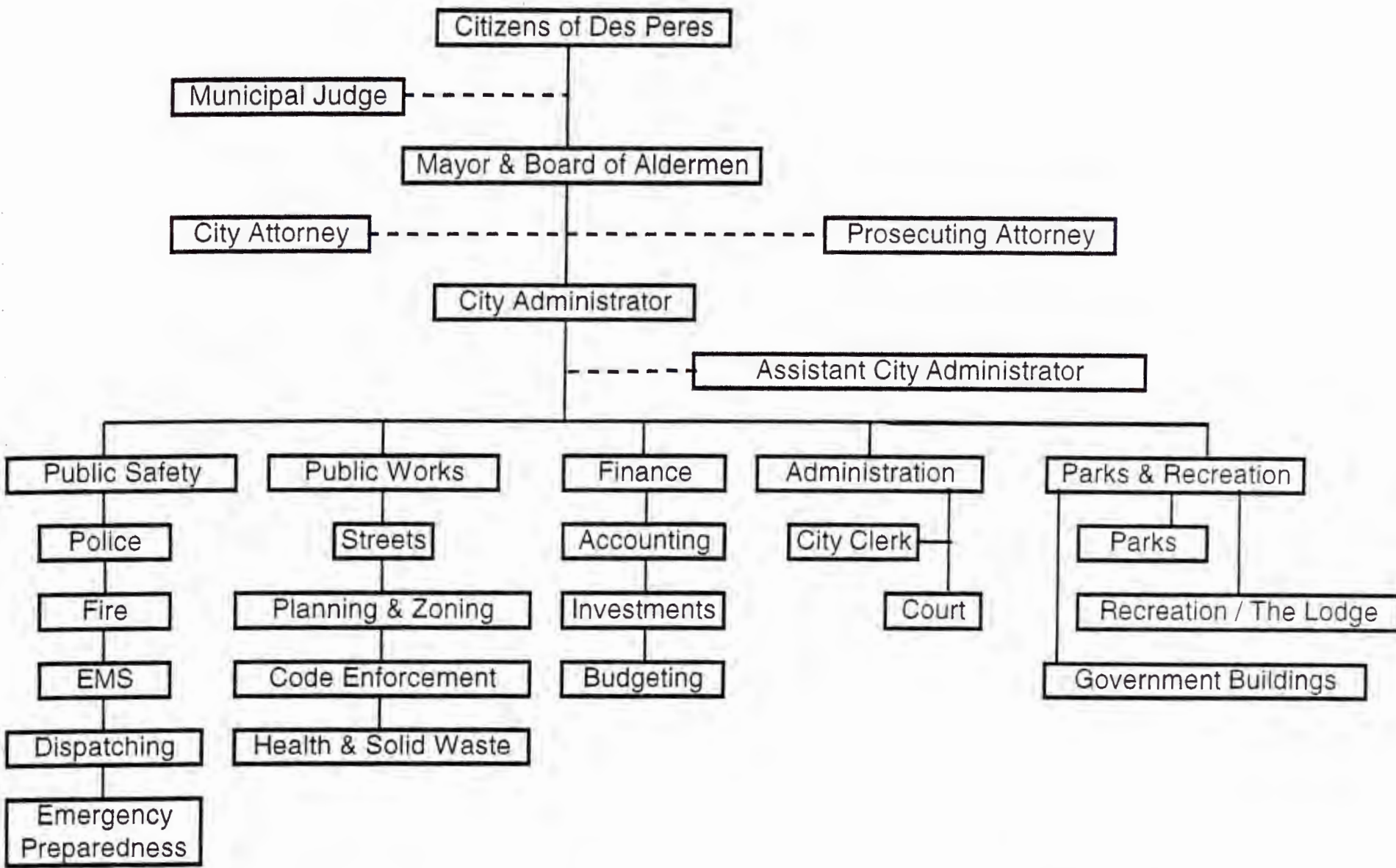
Elected Officials

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

Appointed Officials

Douglas Harms, CCM.....	City Administrator
William Bridges	Director of Public Safety
Denis Knock, PE.....	Director of Public Works
Laura D. Hankins, CPA	Director of Finance
Susan Trautman, CPRP.....	Director- Parks & Recreation
Jason McConachie	Assistant 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

Financial Section

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Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Aldermen
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 City of Des Peres, Missouri (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the 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 auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

As described in Note 2 of the basic financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, as of and for the year ended December 31, 2005.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of Des Peres, Missouri as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

The Management's Discussion and Analysis on pages 3 through 12 and the Budgetary Comparison Information on pages 33 through 38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules - supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RubinBrown LLP

April 21, 2006

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, 2005. 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 in 2004, 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 provided.

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 by (\$5,976,811). The City has a deficit in unrestricted net assets totaling (\$31,880,266) due to \$35,995,000 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 \$5,598,973. This increase is primarily attributable to an increase in revenues for the TIF district (West County Center), and the first full year of the newly enacted Fire Sales tax.
- At the close of the current fiscal year, the City of Des Peres' governmental funds reported combined ending fund balances of \$16,450,428, an increase of \$3,538,617 in comparison with the prior year. Approximately 18.2% of this total or \$3,001,730 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 \$3,001,730 or 42.1% of total general fund expenditures.
- The City of Des Peres' total debt decreased by \$1,822,486 or 3.0% during 2005.

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 differentiate 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 13-14 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 15-18 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 19-32 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 33-38 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 39-47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 by (\$5,976,811).

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,

	<u>2005</u>	<u>2004</u>
Assets		
Current and other assets	\$ 18,694,011	\$ 14,810,219
Capital assets, net	<u>36,524,736</u>	<u>36,693,482</u>
Total assets	<u>55,218,747</u>	<u>51,503,701</u>
Liabilities		
Long-term liabilities	58,489,466	60,311,952
Other liabilities	<u>2,706,092</u>	<u>2,767,533</u>
Total liabilities	<u>61,195,558</u>	<u>63,079,485</u>
Net Assets		
Invested in capital assets, net of related debt	14,558,055	14,428,482
Restricted	11,345,400	10,382,946
Unrestricted	<u>(31,880,266)</u>	<u>(36,387,212)</u>
Total net assets	<u>\$ (5,976,811)</u>	<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* (\$31,880,266) 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 \$35,995,000 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 \$5,598,973. Key elements of this are as follows:

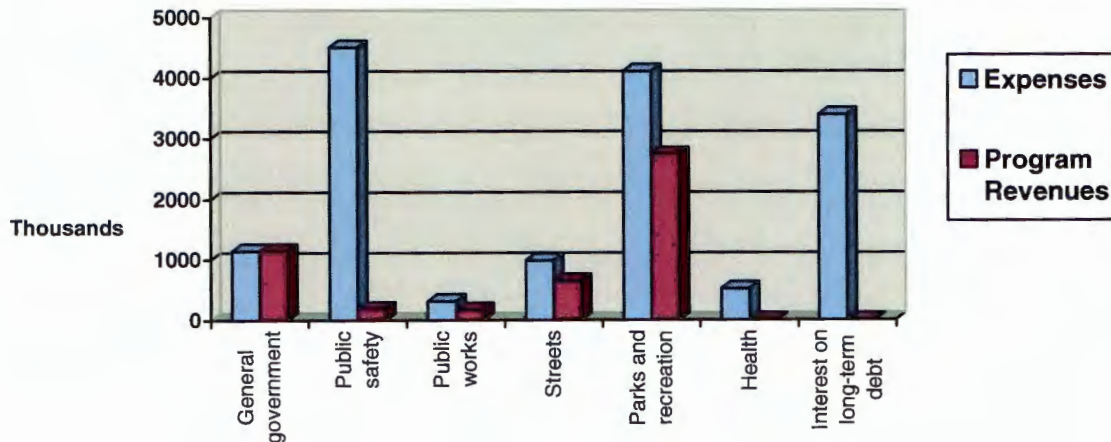
City of Des Peres' Changes in Net Assets Governmental Activities Year Ended December 31,

	2005	2004
Revenues		
Program revenues:		
Charges for services	\$ 3,964,368	\$ 3,312,168
Operating grants and contributions	690,972	744,037
Capital grants and contributions	232,515	—
General revenues:		
Taxes	15,306,227	13,214,286
Investment income	305,596	141,064
Miscellaneous	83,895	125,185
Total revenues	20,583,573	17,536,740
Expenses		
General government	1,146,285	1,106,333
Public safety	4,509,420	4,351,139
Public works	314,942	315,508
Streets	985,048	922,947
Parks and recreation	4,114,178	3,868,855
Health	516,770	513,452
Interest on long-term debt	3,397,957	3,102,058
Total expenses	14,984,600	14,180,292
Changes in net assets	5,598,973	3,356,448
Net assets – 12/31/2004	(11,575,784)	(14,932,232)
Net assets – 12/31/2005	\$ (5,976,811)	\$ (11,575,784)

- 2005 was the first full year for the *Fire Sales Tax Fund*, which accounts for the new ¼ cent sales tax collected to support fire prevention and operations.
- During 2005, \$550,000 was budgeted for the purchase of a new fire truck out of the *Fire Sales Tax Fund*. The truck was not delivered until May 2006, therefore the budgeted funds were carried forward to the next fiscal year.
- Total revenue in the *Special Allocation Fund (TIF) West County Center* came in at \$586,186 over anticipated budgeted revenues.

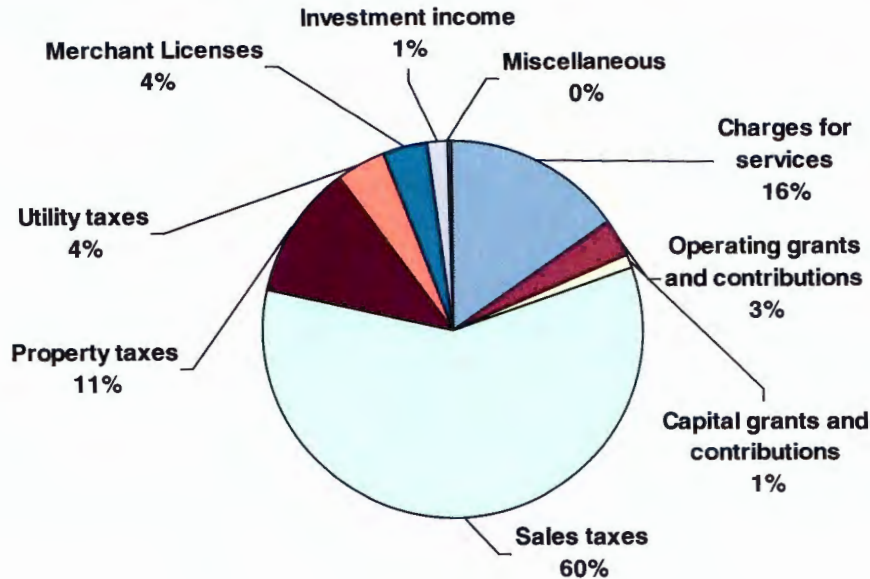
Following is a chart comparing program revenues and expenses for the individual government activities for the current year. As the chart reflects, all activities are supported by assistance from General Revenues (e.g., Taxes, Interest, etc).

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 2005, the unreserved fund balance of the General fund was \$3,001,730. 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 42.1% of total general fund expenditures and transfers out of \$7,134,455, while the total fund balance represents 45.0% of total general fund expenditures and transfers out.

The fund balance in the City's general fund increased by \$631,618 or 24.5% from the prior year fund balance. The change in the current year's fund balance is mainly due to:

- Sales tax increased by \$299,141 from the prior year or \$191,744 over current budgetary expectations.

- Expenditures in almost all departments were under budget, for a total of \$333,850 under 2005 budgetary expectations.

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

- Special Allocation Fund – West County Center increased by \$988,312 or 13.1%. This increase was due to an increase of \$1,199,634 in payments in lieu of taxes (PILOTS) over prior year's actual figure. 2005 was a reassessment year for St. Louis County real estate. At December 31, 2005, the unreserved fund balance and total fund balance was \$3,217,529.
- Park Fund increased by \$589,086 or 233.2%. This increase was a result of a \$571,416 increase in total revenue for the fund over previous year's actual figure. This was due to an increase in programs and other special events. At December 31, 2005, the unreserved fund balance and total fund balance was \$841,656.
- Capital Improvements Fund increased by \$717,519 or 143.8%. This increase was a result of a \$307,198 increase in total revenue for the fund over previous year's actual figure. This increase was mainly due to an increase in sales tax for the fund and special grant funding received for capital projects. Also, expenditures in the fund came in under budgetary expectations by \$181,866. At December 31, 2005, the unreserved fund balance and total fund balance was \$1,216,573.

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 \$125,696 under budget in personnel services due to two employees away on military leave during the year.
- The streets department had \$58,304 under budget for all categories combined. This was mainly due to employee turnover combined with less materials and manpower spent on snow plowing because of the light winter.

CAPITAL ASSETS

The City has invested \$36,524,736 in a broad range of capital assets, including park facilities, roads, buildings, machinery & equipment and automobiles & trucks. This amount represents a net decrease for the current fiscal year (including additions and deletions) of \$168,746.

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

	December 31,	
	2005	2004
Land	\$ 10,348,279	\$ 10,331,767
Buildings	21,836,149	22,001,794
Vehicles	551,534	567,225
Furniture, fixtures and equipment	741,949	922,113
Infrastructure	3,046,825	2,870,583
	\$ 36,524,736	\$ 36,693,482

Additional information on the City's capital assets can be found in Note 3 of the notes to the basic financial statements.

LONG-TERM DEBT

At the end of December 2005, the City had outstanding long-term debt obligations for governmental activities in the amount of \$58,295,000, compared to \$60,110,000 in 2004. Of this amount, \$35,995,000 is in tax increment financing bonds (West County Center), \$15,130,000 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 3% decrease in the City's long-term debt obligations is not as large as the prior years' decrease due to the City advance refunding the 2000 General Obligation Bonds in February 2005. Excess costs to refund the bonds were rolled into the 2005 General Obligation Refunding Bonds total.

City of Des Peres' Outstanding Debt

	December 31,	
	2005	2004
Tax increment revenue bonds	\$ 35,995,000	\$ 37,845,000
General obligation bonds	15,130,000	15,095,000
Certificates of participation	7,170,000	7,170,000
	\$ 58,295,000	\$ 60,110,000

Additional information on the City's long-term debt can be found in Note 4 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 2006 budget continues to fund all current City services while maintaining the same commitment to high level customer service.

- The 2006 budget continues for the 12th consecutive year a rollback of the City's 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 \$0.28 for general revenue purposes 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 2006, 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.
- City operations are service oriented, thus they are provided by using human resources. Consequently, the single largest expenditure within the operating budgets is for salary and benefits representing 71.2% of projected operating costs for 2006.

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.

Basic Financial Statements

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CITY OF DES PERES, MISSOURI

STATEMENT OF NET ASSETS December 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 6,628,307
Receivables (net):	
Taxes	4,977,723
Interest	37,866
Court	41,916
Other	96,226
Prepaid items	203,287
Deferred charges, net	319,137
Restricted assets:	
Cash and investments	6,369,874
Interest receivable	19,675
Capital assets:	
Nondepreciable	10,348,279
Depreciable, net of accumulated depreciation	26,176,457
Total Assets	<u>55,218,747</u>
Liabilities	
Accounts payable	396,349
Accrued payroll	200,787
Accrued interest payable	781,646
Unearned revenue	763,890
Deposits payable	549,708
Court bonds payable	13,712
Noncurrent liabilities:	
Due within one year	2,716,730
Due in more than one year	55,772,736
Total Liabilities	<u>61,195,558</u>
Net Assets	
Invested in capital assets, net of related debt	14,558,055
Restricted for:	
Debt service	6,182,260
Employees retirement system	7,651
Tax increment financing projects	3,217,529
Sewer lateral repair projects	121,387
Other capital projects	1,816,573
Unrestricted	(31,880,266)
Total Net Assets	<u>\$ (5,976,811)</u>

CITY OF DES PERES, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets Primary Government Governmental Activities
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Primary Government					
Governmental Activities					
General government	\$ 1,146,285	\$ 1,068,426	\$ 41,716	\$ 35,923	\$ (220)
Public safety	4,509,420	130,628	500	52,037	(4,326,255)
Public works	314,942	172,170	—	—	(142,772)
Streets	985,048	—	648,756	—	(336,292)
Parks and recreation	4,114,178	2,593,144	—	144,555	(1,376,479)
Health	516,770	—	—	—	(516,770)
Interest on long-term debt	3,397,957	—	—	—	(3,397,957)
Total Governmental Activities	\$ 14,984,600	\$ 3,964,368	\$ 690,972	\$ 232,515	(10,096,745)

General Revenues:

Taxes:

Sales tax	12,118,497
Property tax	2,341,435
Utility taxes	846,295
Investment income	305,596
Miscellaneous	83,895

Total General Revenues

15,695,718

Change in net assets

5,598,973

Net Assets - Beginning Of Year

(11,575,784)

Net Assets - End Of Year

\$ (5,976,811)

CITY OF DES PERES, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2005

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$1,867,350	\$ 801,400	\$ 1,321,545	\$ 920,206	\$ 1,717,806	\$ 6,628,307
Receivables:						
Taxes	1,525,552	2,408,013	381,390	470,989	191,779	4,977,723
Interest	37,866	—	—	—	—	37,866
Court	41,916	—	—	—	—	41,916
Other	57,383	—	18,084	400	20,359	96,226
Prepaid items	203,287	—	—	—	—	203,287
Restricted assets:						
Cash and investments	339,855	5,312,989	—	—	717,030	6,369,874
Interest receivable	—	8,116	—	—	11,559	19,675
Total Assets	\$4,073,209	\$ 8,530,518	\$ 1,721,019	\$ 1,391,595	\$ 2,658,533	\$ 18,374,874
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 149,644	\$ —	\$ 62,163	\$ 175,022	\$ 9,520	\$ 396,349
Accrued payroll	147,477	—	53,310	—	—	200,787
Deposits payable	549,708	—	—	—	—	549,708
Court bonds payable	13,712	—	—	—	—	13,712
Unearned revenue	—	—	763,890	—	—	763,890
Total Liabilities	860,541	—	879,363	175,022	9,520	1,924,446
Fund Balances						
Reserved for:						
Debt service	—	5,312,989	—	—	869,271	6,182,260
Prepaid items	203,287	—	—	—	—	203,287
Employees' retirement plan	7,651	—	—	—	—	7,651
Unreserved:						
Designated for subsequent purchases	—	—	—	—	650,000	650,000
Undesignated:						
General Fund	3,001,730	—	—	—	—	3,001,730
Special Revenue Funds	—	3,217,529	841,656	—	1,129,742	5,188,927
Capital Projects Fund	—	—	—	1,216,573	—	1,216,573
Total Fund Balances	3,212,668	8,530,518	841,656	1,216,573	2,649,013	16,450,428
Total Liabilities And Fund Balances	\$4,073,209	\$ 8,530,518	\$ 1,721,019	\$ 1,391,595	\$ 2,658,533	\$ 18,374,874

CITY OF DES PERES, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
December 31, 2005**

Total fund balance - governmental funds	\$ 16,450,428
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 \$50,636,258 and the accumulated depreciation is \$14,111,522.	36,524,736
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Unamortized issuance costs	319,137
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	(781,646)
Compensated absences	(208,648)
Unamortized bond premium	(551,027)
Unamortized deferred amount on refunding	565,209
Bonds payable outstanding	<u>(58,295,000)</u>
Total net assets - governmental activities	<u><u>\$ (5,976,811)</u></u>

CITY OF DES PERES, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2005

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,216,744	\$ 5,146,895	\$ 2,029,244	\$ 2,067,118	\$ 1,019,071	\$ 14,479,073
Intergovernmental	679,330	—	—	—	—	679,330
Licenses	785,183	—	—	—	—	785,183
Fees and permits	98,844	—	2,593,924	—	—	2,692,768
Utility gross receipts tax	827,155	—	—	—	—	827,155
Investment income	80,332	139,291	24,503	20,788	40,682	305,596
Miscellaneous	483,825	—	276	229,285	101,082	814,467
Total Revenues	7,171,413	5,286,186	4,647,947	2,317,191	1,160,835	20,583,572
Expenditures						
Current:						
General government	1,017,396	—	—	—	—	1,017,396
Public safety	4,287,293	—	—	—	—	4,287,293
Public works	269,497	—	—	—	39,745	309,242
Streets	584,876	—	—	—	—	584,876
Parks and recreation	458,623	—	2,845,165	—	—	3,303,788
Health	516,770	—	—	—	—	516,770
Capital outlay	—	—	—	1,391,614	221	1,391,835
Debt service:						
Principal retirement	—	1,850,000	—	—	320,000	2,170,000
Interest and fiscal charges	—	2,447,874	—	—	1,015,881	3,463,755
Bond issuance costs	—	—	—	—	339,905	339,905
Total Expenditures	7,134,455	4,297,874	2,845,165	1,391,614	1,715,752	17,384,860
Revenues Over (Under) Expenditures	36,958	988,312	1,802,782	925,577	(554,917)	3,198,712
Other Financing Sources (Uses)						
Transfers in	594,660	—	—	40,162	1,336,276	1,971,098
Transfers out	—	—	(1,213,696)	(248,220)	(509,182)	(1,971,098)
Premium from refunding debt	—	—	—	—	586,898	586,898
Issuance of refunding debt	—	—	—	—	14,555,000	14,555,000
Payments to refunding escrow agent	—	—	—	—	(14,801,993)	(14,801,993)
Total Other Financing Sources (Uses)	594,660	—	(1,213,696)	(208,058)	1,166,999	339,905
Net Change In Fund Balances	631,618	988,312	589,086	717,519	612,082	3,538,617
Fund Balances - Beginning Of Year	2,581,050	7,542,206	252,570	499,054	2,036,931	12,911,811
Fund Balances - End Of Year	\$ 3,212,668	\$ 8,530,518	\$ 841,656	\$ 1,216,573	\$ 2,649,013	\$ 16,450,428

CITY OF DES PERES, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2005

Net change in fund balances - total governmental funds \$ 3,538,617

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 totaling \$1,154,523 were exceeded by depreciation of \$1,323,019 in the current period. (168,496)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is the decrease in net assets (250)

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.

Proceeds from bond refunding	(14,555,000)
Proceeds from bond premium	(586,898)
Payments to refunding escrow agent	14,801,993
Bond issuance costs	339,905
Amortization of premium, issuance costs and deferred amount on refunding	(21,681)
Repayment of bond principal	2,170,000

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	87,479
Compensated absences	(6,696)

Change in net assets of governmental activities \$ 5,598,973

CITY OF DES PERES, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2005

1. Summary Of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB 14*. The requirements for inclusion as a component unit are based primarily upon whether the City is considered financially accountable for the potential component unit. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

Basis Of Presentation

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

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the 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.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds." The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

Measurement Focus And Basis Of Accounting

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 recognized 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.

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.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The City reports the following major governmental funds:

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

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 Fund - 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 1/2¢ 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 1/2¢ capital improvement sales tax, for the acquisition or construction of major capital items.

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.

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.

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.

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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements *(Continued)*

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:

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

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 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. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured.

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.

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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt Refunding

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

Interfund Activity

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

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

Net Assets

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

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

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

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

Reserved Fund Balance

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

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

Restricted Assets

Certain assets for employee benefits, sewer lateral repair projects, capital projects and applicable ordinances and trust indentures, the repayment of tax increment revenue bonds and certificates of participation are classified as restricted assets on the balance sheet.

Allowance For Doubtful Accounts

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

Unearned Revenue

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

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.

2. Cash And Investments

During 2005, the City adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3 (GASB 40)*. The adoption of GASB 40 modified certain financial statement disclosure requirements. The new standard enhances deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB 3 and addressing other common risks, including concentrations of credit risk, interest rate risk and foreign currency risk. The implementation of GASB 40 had no effect on financial statement amounts.

The cash balances of all funds held by the City are pooled and invested for the purpose of increasing interest earnings through investment activities. The interest earned on these investments is allocated to participating funds based on their average cash balances. The carrying amounts of cash and investments have been decreased by \$150,527 in order to reflect the fair value at December 31, 2005.

Cash and investments as of December 31, 2005 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 6,628,307
Restricted cash and investments	6,369,874
Total cash and investments	<u>\$ 12,998,181</u>

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

Cash and investments as of December 31, 2005 consist of the following:

Cash on hand	\$ 3,300
Deposits with financial institutions	5,693,092
Investments	7,301,789
Total cash and investments	<u>\$ 12,998,181</u>

Investments Authorized By The City Of Des Peres' Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk and custodial credit risk. Debt proceeds held by bond trustee are invested in accordance with the provisions of the trust indentures.

Authorized Investments	City Policy Legal Limit	Maximum Investment In One Issuer
United States Treasury Securities	None	None
United States Agency Securities	60%	60%
United States Agency Callable Securities	30%	30%
Repurchase Agreements	50%	50%
Money Market Funds	None	None
Certificates of Deposits	None	\$100,000

Interest Rate Risk

The City will minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.
3. Purchasing securities (excluding bond reserves) that shall mature and become payable not more than three years from the date of purchase.

Investment Type	Amount	12 Months Or Less	13 To 24 Months	25 To 36 Months	More Than 36 Months
United States Agency Securities	\$ 668,230	\$ 270,104	\$ 398,126	\$ —	\$ —
Money Market Funds	603,541	603,541	—	—	—
Held by bond trustee:					
United States Agency Securities	4,538,473	—	—	—	4,538,473
Money Market Funds	1,491,545	1,491,545	—	—	—
	<u>\$ 7,301,789</u>	<u>\$ 2,365,190</u>	<u>\$ 398,126</u>	<u>\$ —</u>	<u>\$ 4,538,473</u>

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

Credit Risk

The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City of Des Peres will do business.
2. Diversifying the portfolio so that potential losses on individual securities will have less of an impact on the portfolio.

Presented in the table below is the actual credit ratings provided by a nationally recognized statistical rating organization, at year end, for each investment type.

Investment Type	Amount	Ratings As Of Year End	
		S&P AAA	Not Rated
United States Agency Securities	\$ 668,230	\$ 668,230	\$ —
Money Market Funds	603,541	—	603,541
Held by bond trustee:			
United States Agency Securities	4,538,473	4,538,473	—
Money Market Funds	1,491,545	—	1,491,545

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by pre-qualifying institutions with which the City places investments, diversifying the investment portfolio and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution.

Concentration Risk

Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of the total investments of the City are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank - Callable	U.S. Agency Securities	\$ 623,953
Federal Home Loan Bank	U.S. Agency Securities	4,538,473
Fidelity Treasury Fund	Money Market Fund	1,491,545
U.S. Bank Money Market Account	Money Market Fund	603,541

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

3. Capital Assets

Capital asset activity was as follows:

	Balance - January 1, 2005	Additions	Retirements	Balance - December 31, 2005
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,331,767	\$ 16,512	\$ —	\$ 10,348,279
Capital assets, being depreciated:				
Buildings	24,893,319	425,778	—	25,319,097
Vehicles	1,553,372	130,849	30,483	1,653,738
Furniture, fixtures, and equipment	3,463,234	208,708	—	3,671,942
Infrastructure	9,270,526	372,676	—	9,643,202
Total capital assets being depreciated	39,180,451	1,138,011	30,483	40,287,979
Less accumulated depreciation for:				
Buildings	2,891,525	591,423	—	3,482,948
Vehicles	986,147	146,290	30,233	1,102,204
Furniture, fixtures and equipment	2,541,121	388,872	—	2,929,993
Infrastructure	6,399,943	196,434	—	6,596,377
Total accumulated depreciation	12,818,736	1,323,019	30,233	14,111,522
Total capital assets being depreciated, net	26,361,715	(185,008)	250	26,176,457
Governmental activities capital assets, net	\$ 36,693,482	\$ (168,496)	\$ 250	\$ 36,524,736

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

	For The Year Ended December 31, 2005
Governmental Activities:	
General government	\$ 70,317
Public safety	185,586
Streets	284,412
Parks and recreation	782,704
Total depreciation expense - governmental activities	<u>\$ 1,323,019</u>

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

4. Long-Term Debt

Long-term debt consisted of the following:

	December 31, 2005
\$7,170,000 certificates of participation, Series 2002, due in annual installments through August 1, 2020, interest rates range 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 rates range from 1% to 2.8%	575,000
\$14,555,000 general obligation refunding bonds, Series 2005, due in annual installments through February 1, 2020, interest rates range from 2.15% to 5.375%	14,555,000
\$35,995,000 tax increment revenue bonds Series 2002, due April 15, 2000, interest rates ranging from 3.0% to 5.875%	<u>35,995,000</u>
	<u><u>\$ 58,295,000</u></u>

Changes in long-term debt are as follows:

	Balance - January 1, 2005	Additions	Retirements	Balance - December 31, 2005	Amounts Due Within One Year
Tax increment revenue bonds	\$ 37,845,000	\$ —	\$ 1,850,000	\$ 35,995,000	\$ 2,235,000
General obligation bonds	15,095,000	14,555,000	14,520,000	15,130,000	440,000
Certificates of participation	7,170,000	—	—	7,170,000	—
Total Bonds Payable	60,110,000	14,555,000	16,370,000	58,295,000	2,675,000
Compensated absences	201,952	25,116	18,420	208,648	41,730
	<u>\$ 60,311,952</u>	<u>\$ 14,580,116</u>	<u>\$ 16,388,420</u>	58,503,648	<u>\$ 2,716,730</u>
Add: Unamortized premium on bonds				551,027	
Less: Deferred amount on refunding				<u>(565,209)</u>	
Governmental Activities Long-Term Liabilities				<u><u>\$ 58,489,466</u></u>	

Compensated absences are generally liquidated by the General Fund.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

The summary of principal debt service requirements are as follows:

For The Years Ended December 31,	2002 Certificates		2003 GO Refunding		2005 GO Refunding		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ —	\$ 347,888	\$ 135,000	\$ 12,053	\$ 305,000	\$ 555,159	\$ 440,000	\$ 915,100
2007	380,000	347,888	140,000	9,435	630,000	544,478	1,150,000	901,801
2008	395,000	333,638	145,000	6,153	620,000	529,325	1,160,000	869,116
2009	410,000	317,838	155,000	2,170	835,000	510,511	1,400,000	830,519
2010	425,000	300,413	—	—	875,000	486,979	1,300,000	787,392
2011 – 2015	2,440,000	1,193,228	—	—	5,140,000	1,975,055	7,580,000	3,168,283
2016 – 2020	3,120,000	516,748	—	—	6,150,000	837,846	9,270,000	1,354,594
	\$ 7,170,000	\$ 3,357,641	\$ 575,000	\$ 29,811	\$ 14,555,000	\$ 5,439,353	\$ 22,300,000	\$ 8,826,805

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, with interest rates ranging from 3.000% to 5.875%. Interest and principal on the bonds are to be paid annually 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.

During 2005, the City issued General Obligation Refunding Bonds, Series 2005 in the amount of \$14,555,000 with interest rates ranging from 2.15% to 5.375% and maturing in varying amounts through February 1, 2020. The proceeds were used to advance refund the City's outstanding General Obligation Bonds, Series 2000, with interest rates ranging from 4.35% to 5.35%, and to pay the costs of issuing the bonds. The net proceeds of \$14,801,993, after payment of \$339,905 of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for the payment of principal and interest through maturity of the Series 2000 bonds. This advance refunding met the requirements of an in-substance defeasance and the obligations related to the maturities of the Series 2000 bonds were removed from the City's government-wide financial statements.

As a result of the advance refunding, the City reduced its total debt service requirements by \$994,619 in the governmental fund financial statements, which resulted in an economic gain of \$749,157. For the government-wide financial statements, a deferred amount on refunding of \$601,993 was calculated related to the refunding as the difference between the book value and the reacquisition price of the Series 2000 bonds, which was capitalized and will be amortized over 15 years.

As of December 31, 2005, the amount of prior year's defeased debt outstanding, but removed from the financial statements, amounted to \$14,642,586.

The Series 2002 Certificates of Participation and the Series 2002 Tax Increment Revenue Bonds have debt service reserve restriction requirements in amounts equal to \$717,000 and \$4,011,500, respectively. Authorized expenditures from these reserves include payments of principal and interest only when funds otherwise available for such purposes are insufficient to pay the same as they become due and payable. At December 31, 2005, funds held in these reserves are in compliance with these requirements.

5. Pension Plans

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 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 \$393,297 for the year ended December 31, 2005.

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 are subject to a separate five-year vesting period.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

6. Interfund Transfers

Individual fund transfers are as follows:

	For The Year Ended December 31, 2005			
	Transfers From			
	Park Fund	Capital Improve- ments Funds	Other Govern- mental Funds	Total
Transfer To:				
General Fund	\$ 12,420	\$ 113,220	\$ 469,020	\$ 594,660
Capital Improve- ments Fund	—	—	40,162	40,162
Other govern- mental funds	1,201,276	135,000	—	1,336,276
	<u>\$ 1,213,696</u>	<u>\$ 248,220</u>	<u>\$ 509,182</u>	<u>\$ 1,971,098</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, or 2) move revenues in excess of current year expenditures to other funds.

7. 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 2005, the City received a dividend from SLAIT of \$40,959.

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.

8. 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.

9. 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:

<u>Year</u>	<u>Amount</u>
2006	\$ 66,693
2007	58,757
2008	57,750
2009	46,667
2010	40,039
	<hr/>
	\$ 269,906

Required Supplementary Information

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CITY OF DES PERES, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2005

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Revenues				
Sales Tax And Use Taxes	\$ 4,025,000	\$ 4,025,000	\$ 4,216,744	\$ 191,744
Utility Gross Receipts Tax	795,500	795,500	827,155	31,655
Intergovernmental				
Gasoline tax	250,000	250,000	247,589	(2,411)
County road and bridge tax	306,000	306,000	296,495	(9,505)
Motor vehicle sales tax	63,000	63,000	59,427	(3,573)
Motor vehicle license fees	46,000	46,000	45,245	(755)
Cigarette tax	32,000	32,000	30,574	(1,426)
Total Intergovernmental	697,000	697,000	679,330	(17,670)
Licenses				
Merchant and vending	725,500	725,500	775,619	50,119
Liquor	10,000	10,000	9,564	(436)
Total Licenses	735,500	735,500	785,183	49,683
Fees And Permits				
Building, occupancy, and sign permits	75,500	75,500	75,102	(398)
Zoning and public improvements fees	3,000	3,000	5,150	2,150
Board of adjustment fees	1,000	1,000	1,800	800
Fire permits	7,500	7,500	16,792	9,292
Total Fees And Permits	87,000	87,000	98,844	11,844
Investment Income	40,000	40,000	80,332	40,332
Miscellaneous				
Ambulance fees	100,000	100,000	102,871	2,871
Court fines	275,000	275,000	252,608	(22,392)
Contracts and grants	—	—	2,174	2,174
Other	70,000	70,000	126,172	56,172
Total Miscellaneous	445,000	445,000	483,825	38,825
Total Revenues	6,825,000	6,825,000	7,171,413	346,413

(continued)

CITY OF DES PERES, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Expenditures				
General Government				
Board and commissions:				
Personnel services	\$ 39,495	\$ 39,495	\$ 39,459	\$ (36)
Materials and supplies	6,200	6,200	857	(5,343)
Contractual services	58,730	111,230	99,587	(11,643)
Administration:				
Personnel services	254,575	258,625	256,761	(1,864)
Materials and supplies	1,200	1,200	1,341	141
Contractual services	12,515	12,515	10,267	(2,248)
Law:				
Personnel services	103,835	103,835	106,386	2,551
Materials and supplies	150	150	22	(128)
Contractual services	63,960	65,960	59,479	(6,481)
Finance:				
Personnel services	160,050	171,175	167,929	(3,246)
Materials and supplies	250	250	214	(36)
Contractual services	90,300	90,300	78,680	(11,620)
Government center:				
Materials and supplies	17,560	17,560	21,783	4,223
Contractual services	219,110	219,110	174,631	(44,479)
Total General Government	1,027,930	1,097,605	1,017,396	(80,209)
Public Safety				
Personnel services	3,890,590	3,890,590	3,764,894	(125,696)
Materials and supplies	97,600	101,100	88,962	(12,138)
Contractual services	452,620	475,120	433,437	(41,683)
Total Public Safety	4,440,810	4,466,810	4,287,293	(179,517)
Public Works				
Personnel services	257,755	257,755	260,223	2,468
Materials and supplies	2,750	3,750	3,994	244
Contractual services	8,945	8,945	5,280	(3,665)
Total Public Works	269,450	270,450	269,497	(953)
Streets				
Personnel services	484,440	484,440	447,117	(37,323)
Materials and supplies	74,740	77,540	66,277	(11,263)
Contractual services	80,200	81,200	71,482	(9,718)
Total Streets	639,380	643,180	584,876	(58,304)

(continued)

CITY OF DES PERES, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

(Continued)

For The Year Ended December 31, 2005

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Expenditures (Continued)				
Parks And Recreation				
Park Maintenance:				
Personnel services	\$ 341,535	\$ 341,535	\$ 339,218	\$ (2,317)
Materials and supplies	53,100	56,600	65,218	8,618
Contractual services	59,125	57,625	54,187	(3,438)
Total Parks And Recreation	453,760	455,760	458,623	2,863
Health - Contractual Services	534,500	534,500	516,770	(17,730)
Total Expenditures	7,365,830	7,468,305	7,134,455	(333,850)
Revenues Over (Under) Expenditures	(540,830)	(643,305)	36,958	680,263
Other Financing Sources				
Transfers in	582,800	594,660	594,660	—
Net Change In Fund Balances	\$ 41,970	\$ (48,645)	631,618	\$ 680,263
Fund Balance - Beginning Of Year			<u>2,581,050</u>	
Fund Balance - End Of Year			<u>\$ 3,212,668</u>	

CITY OF DES PERES, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE -
SPECIAL ALLOCATION FUND - WEST COUNTY CENTER FUND
For The Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,575,000	\$ 4,575,000	\$ 5,146,895	\$ 571,895
Investment income	125,000	125,000	139,291	14,291
Total Revenues	4,700,000	4,700,000	5,286,186	586,186
Expenditures				
Current:				
Payments to other taxing jurisdictions	—	512,000	511,931	(69)
Debt service:				
Principal retirement	1,520,000	1,850,000	1,850,000	—
Interest and fiscal charges	1,948,503	1,948,503	1,935,943	(12,560)
Total Expenditures	3,468,503	4,310,503	4,297,874	(12,629)
Net Change In Fund Balances	\$ 1,231,497	\$ 389,497	988,312	\$ 598,815
Fund Balance - Beginning Of Year			<u>7,542,206</u>	
Fund Balance - End Of Year			<u>\$ 8,530,518</u>	

CITY OF DES PERES, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE -
PARK FUND**

For The Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
Revenues				
Taxes	\$ 1,970,000	\$ 1,970,000	\$ 2,029,244	\$ 59,244
Fees and charges	2,496,500	2,496,500	2,593,247	96,747
Investment income	10,000	10,000	24,503	14,503
Miscellaneous	30,000	30,000	953	(29,047)
Total Revenues	4,506,500	4,506,500	4,647,947	141,447
Expenditures				
Current:				
Parks and recreation	2,979,430	3,054,820	2,845,165	(209,655)
Revenues Over				
Expenditures	1,527,070	1,451,680	1,802,782	351,102
Other Financing Uses				
Transfers out	(1,292,126)	(1,213,696)	(1,213,696)	—
Net Change In Fund Balances	\$ 234,944	\$ 237,984	589,086	\$ 351,102
Fund Balance - Beginning Of Year			<u>252,570</u>	
Fund Balance - End Of Year			<u>\$ 841,656</u>	

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CITY OF DES PERES, MISSOURI

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 1/4% sales tax collected to support fire prevention and operations.

CAPITAL PROJECTS FUND

Capital Project Funds are 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).

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. This fund was closed during 2005.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of long-term debt, principal, interest and related costs.

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

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005**

	Sewer Lateral Fund	Fire Sales Tax Fund	Recreation Center Fund	Debt Service Fund	Total
Assets					
Cash and investments	\$ 107,348	\$ 1,466,576	\$ —	\$ 143,882	\$ 1,717,806
Receivables:					
Taxes	—	191,779	—	—	191,779
Other	20,359	—	—	—	20,359
Restricted assets:					
Cash and investments	—	—	—	717,030	717,030
Interest receivable	—	—	—	11,559	11,559
Total Assets	\$ 127,707	\$ 1,658,355	\$ —	\$ 872,471	\$ 2,658,533
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 6,320	\$ —	\$ —	\$ 3,200	\$ 9,520
Fund Balances					
Reserved for debt service	—	—	—	869,271	869,271
Unreserved:					
Designated for fire equipment		650,000	—	—	650,000
Undesignated:					
Special Revenue Funds	121,387	1,008,355	—	—	1,129,742
Total Fund Balances	121,387	1,658,355	—	869,271	2,649,013
Total Liabilities And Fund Balances	\$ 127,707	\$ 1,658,355	\$ —	\$ 872,471	\$ 2,658,533

CITY OF DES PERES, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005**

	Sewer Lateral Fund	Fire Sales Tax Fund	Recreation Center Fund	Debt Service Fund	Total
Revenues					
Taxes	\$ —	\$ 1,019,071	\$ —	\$ —	\$ 1,019,071
Investment income	—	30,561	—	10,121	40,682
Miscellaneous	90,118	—	—	10,964	101,082
Total Revenues	90,118	1,049,632	—	21,085	1,160,835
Expenditures					
Current:					
Public works	39,745	—	—	—	39,745
Capital outlay	—	221	—	—	221
Debt service:					
Principal retirement	—	—	—	320,000	320,000
Interest and fiscal charges	—	—	—	1,015,881	1,015,881
Bond issuance costs	—	—	—	339,905	339,905
Total Expenditures	39,745	221	—	1,675,786	1,715,752
Revenues Over (Under)					
Expenditures	50,373	1,049,411	—	(1,654,701)	(554,917)
Other Financing Sources (Uses)					
Transfers in	—	—	—	1,336,276	1,336,276
Transfers out	(10,000)	(459,020)	(40,162)	—	(509,182)
Premium from refunding debt	—	—	—	586,898	586,898
Issuance of refunding debt	—	—	—	14,555,000	14,555,000
Payments to refunding escrow agent	—	—	—	(14,801,993)	(14,801,993)
Total Other Financing Sources (Uses)	(10,000)	(459,020)	(40,162)	1,676,181	1,166,999
Net Change In Fund Balances	40,373	590,391	(40,162)	21,480	612,082
Fund Balance - Beginning Of Year	81,014	1,067,964	40,162	847,791	2,036,931
Fund Balance - End Of Year	\$ 121,387	\$ 1,658,355	\$ —	\$ 869,271	\$ 2,649,013

CITY OF DES PERES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL PROJECTS -
RECREATION CENTER FUND
For The Year Ended December 31, 2005**

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Investment income	\$ —	\$ —	\$ —
Expenditures			
Capital outlay	—	—	—
Revenues Over Expenditures	—	—	—
Other Financing Uses			
Transfers out	(40,162)	(40,162)	—
Net Change In Fund Balances	<u>\$ (40,162)</u>	<u>(40,162)</u>	<u>\$ —</u>
Fund Balance - Beginning Of Year		<u>40,162</u>	
Fund Balance - End Of Year		<u>\$ —</u>	

CITY OF DES PERES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
For The Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Investment income	\$ 3,000	\$ 3,000	\$ 10,121	\$ 7,121
Miscellaneous	10,000	10,000	10,964	964
Total Revenues	13,000	13,000	21,085	8,085
Expenditures				
Debt service:				
Principal	320,000	320,000	320,000	—
Interest and fiscal charges	1,107,101	1,024,533	1,015,881	(8,652)
Bond issuance costs	—	—	339,905	339,905
Total Expenditures	1,427,101	1,344,533	1,675,786	331,253
Revenues Under Expenditures	(1,414,101)	(1,331,533)	(1,654,701)	(323,168)
Other Financing Sources (Uses)				
Transfers in	1,419,626	1,336,276	1,336,276	—
Premium from refunding debt	—	—	586,898	586,898
Issuance of refunding debt	—	—	14,555,000	14,555,000
Payments to refunding escrow agent	—	—	(14,801,993)	(14,801,993)
Total Other Financing Sources (Uses)	1,419,626	1,336,276	1,676,181	339,905
Net Change In Fund Balances	\$ 5,525	\$ 4,743	21,480	\$ 16,737
Fund Balance - Beginning Of Year			<u>847,791</u>	
Fund Balance - End Of Year			<u>\$ 869,271</u>	

CITY OF DES PERES, MISSOURI

MAJOR GOVERNMENTAL FUND - BUDGETARY INFORMATION

CAPITAL PROJECTS FUNDS

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 1/2¢ capital improvement sales tax, for the acquisition or construction of major capital items.

CITY OF DES PERES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS - CAPITAL IMPROVEMENTS FUND
For The Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
Revenues				Budget
Taxes	\$ 1,825,000	\$ 1,825,000	\$ 2,067,118	\$ 242,118
Investment income	40,000	40,000	20,788	(19,212)
Miscellaneous	145,000	234,400	229,285	(5,115)
Total Revenues	2,010,000	2,099,400	2,317,191	217,791
Expenditures				
Capital outlay:				
General government	104,000	131,600	133,768	2,168
Public safety	165,680	291,680	241,845	(49,835)
Public works	—	5,700	5,700	—
Streets	611,000	674,500	592,462	(82,038)
Parks and recreation	431,000	470,000	417,839	(52,161)
Total Expenditures	1,311,680	1,573,480	1,391,614	(181,866)
Revenues Over Expenditures	698,320	525,920	925,577	399,657
Other Financing Sources (Uses)				
Transfers in	—	—	40,162	40,162
Transfers out	(243,000)	(208,058)	(248,220)	(40,162)
Total Other Financing Sources (Uses)	(243,000)	(208,058)	(208,058)	—
Net Change In Fund Balances	\$ 455,320	\$ 317,862	717,519	\$ 399,657
Fund Balance - Beginning Of Year			499,054	
Fund Balance - End Of Year			\$ 1,216,573	

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Statistical Section

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CITY OF DES PERES, MISSOURI

GOVERNMENT-WIDE EXPENSES BY FUNCTION (1) LAST TWO FISCAL YEARS

Function	2004	2005
General government	\$ 1,106,333	\$ 1,146,285
Public safety	4,351,139	4,509,420
Public works	315,508	314,942
Streets	922,947	985,048
Parks and recreation	3,868,855	4,114,178
Health	513,452	516,770
Debt service	3,102,058	3,397,957
	<u>\$ 14,180,292</u>	<u>\$ 14,984,600</u>

(1) GASB No. 34 was adopted in 2004.

CITY OF DES PERES, MISSOURI

**GOVERNMENT-WIDE REVENUES BY SOURCE (1)
LAST TWO FISCAL YEARS**

Source	2004	2005
Program revenues:		
Charges for services	\$ 3,312,168	\$ 3,964,368
Operating grants and contributions	744,037	690,972
Capital grants and contributions	—	232,515
General revenues:		
Taxes	13,214,286	15,306,227
Investment income	141,064	305,596
Miscellaneous	125,185	83,895
Total Revenues	\$ 17,536,740	\$ 20,583,573

(1) GASB No. 34 was adopted in 2004.

CITY OF DES PERES, MISSOURI

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1) LAST TEN FISCAL YEARS

Fiscal Years	Boards And Commissions	Administration	Law	Finance	Government Center	Public Safety	Public Works	Streets	Park Maintenance	Health	Recreation
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
2005	139,903	268,369	165,887	246,823	196,414	4,287,293	309,242	584,876	458,623	516,770	2,845,165

Fiscal Years	Capital Projects	Insurance Debt Service	And Pension	Total
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
2005	1,441,835	5,973,660	—	17,434,860

(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 YEARS

Fiscal Years	Sales And Use Taxes (2) (3)	Utility Gross Receipts Tax	Intergovern- mental	Licenses	Fees And Permits (4)	Investment Income	Miscellaneous (5)	Total
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	428,042	5,706,337
2000	3,069,156	672,861	642,010	520,387	153,872	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
2005	4,216,744	827,155	679,330	785,183	98,844	80,332	483,825	7,171,413

(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

INTERGOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS

Fiscal Years	Gasoline Tax	County And Bridge Tax	Motor Vehicle Sales Tax	Motor Vehicle License Fees	Cigarette Tax	Total
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
2005	247,589	296,495	59,427	45,245	30,574	679,330

(1) Includes General Fund

CITY OF DES PERES, MISSOURI

LICENSE REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS

Fiscal Years	Merchant And Vending	Liquor	Total
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
2005	775,619	9,564	785,183

(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
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
2005	75,102	5,150	—	1,800	16,792	—	98,844

(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

Fiscal Years	Ambulance Fees	Court Fines	Rent	Accident Reports	Contracts And Grants	Other	Total
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
2005	102,871	252,608	—	—	2,174	126,172	483,825

(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 (3)	
	Assessed Value (1) (2)	Estimated Actual Value	Assessed Value (1) (2)	Estimated Actual Value	Assessed Value (1) (2)	Estimated Actual Value
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	3,324,569	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
2005*	302,451,259	1,628,545,249	52,759,591	158,278,773	—	—

* Reassessment years

(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%.

(3) Starting 2005, St Louis County included railroad and utility figures in real estate and personal property.

Source: St. Louis County Assessor

CITY OF DES PERES, MISSOURI

PROPERTY TAX RATES PER \$100 ASSESSED VALUATION - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
City of Des Peres, Missouri	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
St. Louis County	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.570
Special School District	0.620	0.620	0.640	0.620	0.623	0.835	0.849	0.833	0.905	0.840
St. Louis Community College	0.240	0.240	0.240	0.240	0.240	0.230	0.232	0.231	0.237	0.223
St. Louis County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150	0.150
Metro Sewer District	0.070	0.070	0.070	0.070	0.070	0.069	0.069	0.069	0.069	0.069
Metro Sewer District Extension	0.020	0.020	0.020	0.020	0.020	0.019	0.019	0.019	0.019	0.019
Mississippi River Anti-Pollution	0.020	0.020	0.020	0.020	0.020	0.020	0.000	0.000	0.000	0.000
Sugar Creek Subdistrict	0.070	0.070	0.070	0.070	0.070	0.070	0.062	0.063	0.066	0.060
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	0.232	0.232	0.232	0.227	0.232	0.222	0.222	0.226	0.276	0.265
Sheltered Workshop	0.085	0.085	0.080	0.085	0.085	0.085	0.085	0.085	0.085	0.082
Total Overlapping Governments	2.237	2.237	2.252	2.232	2.240	2.430	2.418	2.406	2.547	2.438
Total City And Overlapping Governments	2.237	2.237	2.252	2.232	2.240	2.430	2.418	2.40-6	2.547	2.438
School districts:										
Kirkwood	3.810	3.870	3.790	4.220	4.225	3.946	3.744	3.750	3.859	3.714
Parkway	3.430	3.440	3.730	3.640	3.603	3.455	3.511	3.451	3.692	3.453

Source: St. Louis County Assessor

CITY OF DES PERES, MISSOURI

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2005

Net Assessed Value, As Of January 1, 2005	<u>\$ 355,210,850</u>
Debt Limit - 10% Of Assessed Value (*)	<u>\$ 35,521,085</u>
Amount Of Debt Applicable To Debt Limit:	
Total Bonded Debt	15,130,000
Less - Amount Available In Debt Service Fund For Bonded Debt	<u>869,271</u>
Net Amount Of Debt Applicable To Debt Limit	<u>14,260,729</u>
Legal Debt Margin	<u>\$ 21,260,356</u>

Under Article VI, Sections 26(b) and 26(c) of the Missouri Constitutions, 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% for 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, 2005**

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City Of Des Peres	Amount Applicable To City Of Des Peres
City of Des Peres	\$ 15,130,000	100.00 %	\$ 15,130,000
St. Louis County	98,505,000	1.00	985,050
Parkway School District (1)	132,317,349	2.00	2,646,347
Kirkwood School District (1)	39,300,000	17.00	6,681,000
Total Direct And Overlapping Debt	\$ 285,252,349		\$ 25,442,397

(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 St. Louis County.

CITY OF DES PERES, MISSOURI

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

Fiscal Years	Population (1)	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
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
2005	8,592	355,210,850	15,130,000	869,271	14,260,729	4.01	1,660

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

CITY OF DES PERES, MISSOURI

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

Fiscal Years	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio Of Debt Service To General Governmental Expenditures
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	542,780	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
2005	320,000	1,015,881	1,335,881	17,094,955	7.81

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

CITY OF DES PERES, MISSOURI

PRINCIPAL TAXPAYERS

December 31, 2005

Taxpayer	Type Of Business	2005 Assessed Value	Percentage Of Total Assessed Value (1)
West County Center LLC	Shopping Center	\$ 29,304,895	8.25
EDJ Leasing Company	Office Building	19,891,808	5.60
May Department Stores	Shopping Center	8,063,286	2.27
Tenet Health Systems	Des Peres Hospital/Medical Offices	6,891,090	1.94
Duke Realty Investment Inc.	Office Building	5,257,121	1.48
Land Dynamics Inc.	Office Campus	4,653,262	1.31
Southwest Bank of St. Louis	Banking	3,942,840	1.11
Corporate Property Investors	Retail Shopping	3,481,066	0.98
DDR Realty and Maryland Holding Inc.	Shopping Center	3,481,066	0.98
Wal-Mart Properties	Retail Shopping	2,770,645	0.78
		<u>\$ 87,737,079</u>	<u>24.70</u>

(1) Based on 2005 assessed valuation equal to \$355,210,850.

Source: Office of the St. Louis County Assessor

CITY OF DES PERES, MISSOURI

**BUILDING PERMITS AND CONSTRUCTION
LAST TEN FISCAL YEARS**

Year	Number Of Permits Issued	Value Of Construction
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
2005	215	16,799,925

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

CITY OF DES PERES, MISSOURI

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS December 31, 2005

<u>Name And Title Of Official</u>	<u>Annual Salary (1)</u>	<u>Amount Of Surety Bond</u>
Douglas Harms, City Administrator	\$ 109,356	\$ 250,000
William Bridges, Director of Public Safety	88,660	250,000
Denis Knock, Director of Public Works	85,618	250,000
Laura Hankins, CPA, Director of Finance	65,312	250,000
Susan Trautman, Director of Parks and Recreation	78,000	250,000

(1) Ordinance #2346 - Approved by the Des Peres Board of Aldermen on December 12, 2005.

CITY OF DES PERES, MISSOURI

MISCELLANEOUS STATISTICAL DATA

December 31, 2005

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 91
Part-time and seasonal 136

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 90
Average number of EMS calls per month 66
Average number of physical arrests per month 66

Economic and demographic:

	<u>Des Peres</u>	<u>St. Louis County</u>
Population (1)	8,592	1,004,666
Number of households (2)	3,005	404,312
Median family income (2)	\$ 106,195	\$ 51,359
Per capita income (2)	\$ 40,916	\$ 43,225
Median home value (2)	\$ 253,500	\$ 116,600

(1) U.S. Bureau of Census

(2) Missouri Census Data Center

CITY OF DES PERES, MISSOURI

MISCELLANEOUS STATISTICAL DATA (Continued) December 31, 2005

Major Employers Within The City	Type Of Business	Number Of Employees
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

Fiscal Year	Total Enrollment Parkway	Total Enrollment Kirkwood
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
2005	18,994	4,995

CITY OF DES PERES, MISSOURI

SALES TAX (1) LAST TEN FISCAL YEARS

Fiscal Years	General Fund	Capital Improvement Fund	Park Fund	Fire Fund (2)	Total
	1.25% July 1, 1971	0.50% April 1, 1995	0.50% January 1, 2001	0.25% April 1, 2004	
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
2005	3,950,701	2,067,118	2,029,244	1,019,071	9,066,135

(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, act of terrorism or natural disaster. The policy insures revenues for a 12-month period with a \$25,000 deductible.