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Comprehensive Annual Financial Report, 2007

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, 2007



Des Peres City Hall

RICHARD G. LAHR
MAYOR

DOUGLAS J. HARMS, CCM
CITY ADMINISTRATOR

LAURA D. BEELER, CPA
DIRECTOR OF FINANCE

CITY OF DES PERES, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

*Report prepared and submitted by the
Department of Finance*

*Laura D. Beeler, CPA
Director of Finance*

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 92 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 West County Mall, a 1.2 million square foot regional shopping center featuring four (4) anchor stores – Macy's, Nordstroms, JC Penney 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 overstated. The redevelopment of the shopping center, together with existing authority to levy 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 13 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, AT&T Wireless and SBC Publications. This strong office presence provides a synergy of activity that complements the retail and high-end residential needs of the City.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund was 58.9 percent of total general fund revenues for 2007. Maintaining a reasonable fund reserve in all funds, is to protect the City, the residents of Des Peres and employees against fluctuations in revenues and unforeseen expenditures that might otherwise require drastic short term solutions involving either temporary tax increases, reductions in force and reduction in service levels.

The City maintains 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 and to pass-thru a portion to other taxing jurisdictions, most notably the local school districts, on an annual basis. During 2007, the City was able to pay down \$1,440,000 in bonds early and to pass thru \$854,058 in payments in lieu of taxes to local taxing jurisdictions.

RELEVANT FINANCIAL POLICIES

Cash Management

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

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 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 insurances. 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. All cities are rated and policies are written individually.

MAJOR INITIATIVES

Des Peres is a City of parks with approximately ninety-six (96) acres of active recreational use provided in six (6) 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. 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-five (25) 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 and fitness class registration, both in sheer number and dollar revenues, have exceeded expectations for 2007. The City expects the facility to meet or exceed expectations in many areas for years to come.

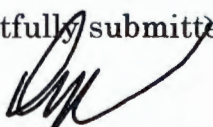
AWARDS AND ACKNOWLEDGEMENTS

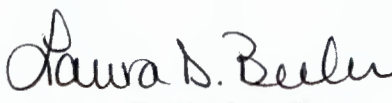
The Government Finance Officer Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Des Peres for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006. This was the twelfth consecutive year that the City has 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, CCM
City Administrator


Laura D. Beeler, CPA
Director of Finance

CITY OF DES PERES, MISSOURI

CITY OFFICIALS

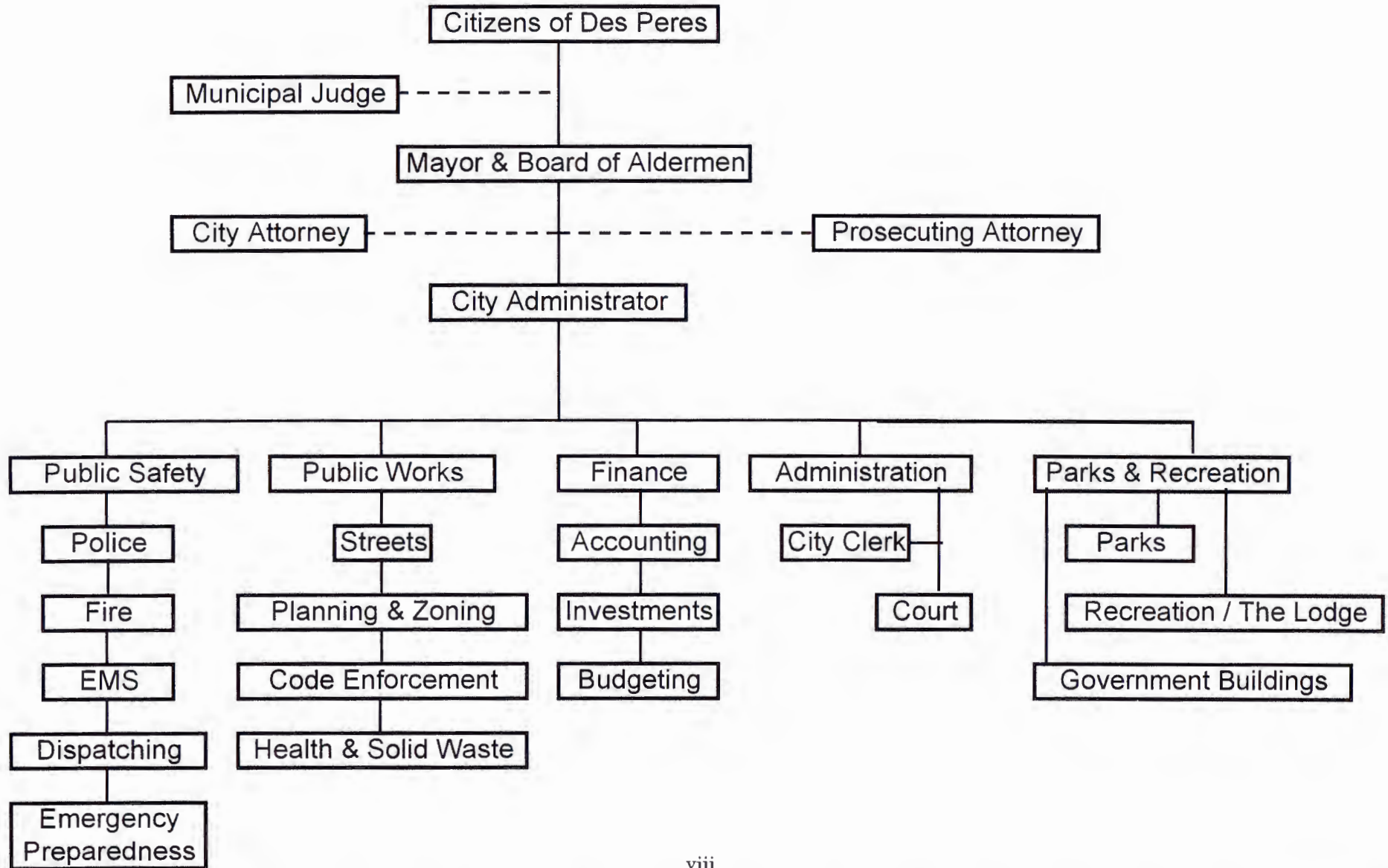
Elected Officials

Rick Lahr	Mayor
Kathleen Gmelich	Alderman Ward I
John Pound.....	Alderman Ward I
Jim Kleinschmidt	Alderman Ward II
Paul Raczkiwicz.....	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. Beeler, CPA	Director of Finance
Susan Trautman, CPRP	Director- Parks & Recreation
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, 2006

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.



Clive S. Cox

President

Jeffrey R. Emer

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, 2007, 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.

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, 2007, 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 32 through 37, 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

June 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Des Peres, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2007. 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 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 assets of the City exceeded its liabilities (net assets) at the end of the current year by \$6,565,753. The City has a deficit in unrestricted net assets totaling (\$23,323,217) due to \$30,685,000 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 \$6,521,640. This increase is primarily attributable to an increase in revenues from the TIF district (West County Center).
- At the close of the current year, the City's governmental funds reported combined ending fund balances of \$20,673,227, an increase of \$1,156,544 in comparison with the prior year. Approximately 23% of this total or \$4,751,694 is available for spending at the City's discretion.
- At the end of the current year, unreserved fund balance for the general fund was \$4,751,694 or 59.4% of total general fund expenditures.
- The City of Des Peres' total debt decreased by \$5,199,657 or 9.3% during 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, streets, parks and recreation and health. The City 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, 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 are governmental funds. It should be noted that the City 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

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 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 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 - 31 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 32 - 37 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 38 - 43 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances as discussed in the following analysis of net assets and changes in net assets.

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, assets exceeded its liabilities (net assets) at the end of the current fiscal year, for a total of \$6,565,753.

The largest portion of the City's 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 uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's 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,**

	2007	2006
Assets		
Current and other assets	\$ 22,658,796	\$ 21,509,412
Capital assets, net	36,928,088	36,789,576
Total assets	59,586,884	58,298,988
Liabilities		
Long-term liabilities	50,596,299	55,795,956
Other liabilities	2,424,832	2,458,919
Total liabilities	53,021,131	58,254,875
Net Assets		
Invested in capital assets, net of related debt	17,504,073	15,239,229
Restricted	12,384,897	12,232,047
Unrestricted	(23,323,217)	(27,427,163)
Total net assets	\$ 6,565,753	\$ 44,113

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$23,323,217) is explained further below. At the end of the current fiscal year, the City 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 \$30,685,000 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 \$6,521,640. Key elements of this are as follows:

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

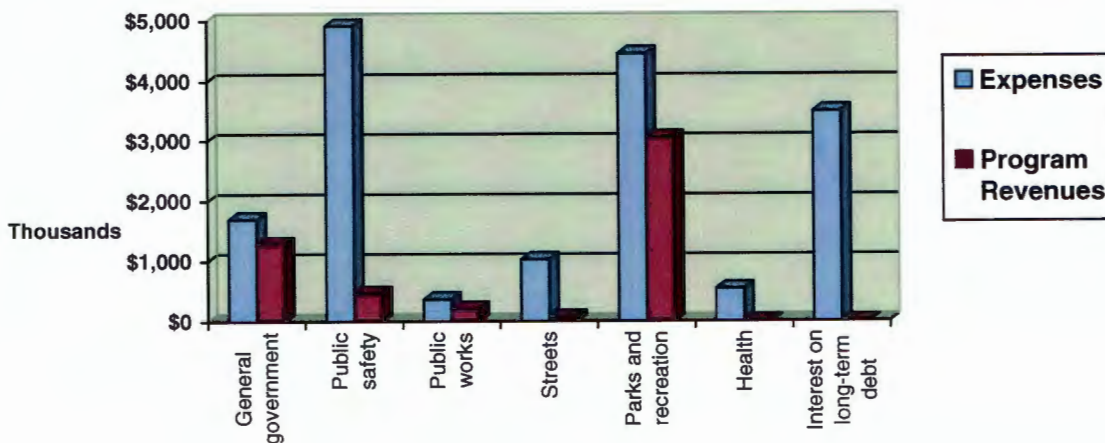
	2007	2006
Revenues		
Program revenues:		
Charges for services	\$ 4,981,636	\$ 4,484,208
Operating grants and contributions	69,574	771,644
Capital grants and contributions	13,530	47,506
General revenues:		
Taxes	16,483,067	15,668,649
Investment income	804,368	435,196
Miscellaneous	671,942	203,110
Total revenues	23,024,117	21,610,313
 Expenses		
General government	1,697,361	1,382,122
Public safety	4,914,165	4,679,762
Public works	367,052	323,408
Streets	1,026,139	895,483
Parks and recreation	4,458,609	4,380,856
Health	539,531	527,638
Interest on long-term debt	3,499,620	3,400,120
Total expenses	16,502,477	15,589,389
 Changes in net assets	6,521,640	6,020,924
 Net assets – December 31, 2006	44,113	(5,976,811)
 Net assets – December 31, 2007	\$ 6,565,753	\$ 44,113

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- General Tax Revenues came in at \$814,418 over prior year. This was mainly attributable to the increase in Telephone Gross Receipts Tax revenue from wireless carriers. In years past, this tax was not remitted to the City. With newly passed legislation, these taxes are now being paid to the City.
- The City's total debt decreased by \$5,199,657 during 2007. This was attributable to an early pay down on the 2002 Certificates of Participation (COPS) of \$1,000,000 and an early pay down on the 2002 Tax Increment Revenue bonds of \$1,440,000. Both payments were in addition to the regularly schedule debt service principal payments.
- Total revenue in the *Special Allocation Fund (TIF) West County Center* came in at \$642,395 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).

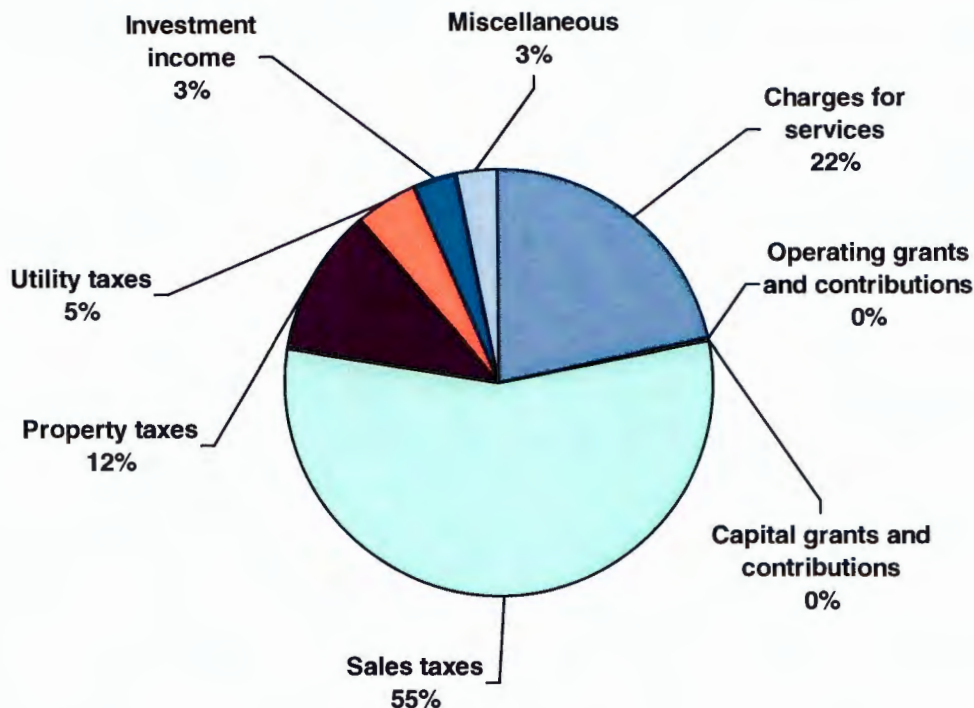
Expenses and Program Revenues - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows 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 2007, the unreserved fund balance of the General Fund was \$4,751,694. 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 52.8% of total general fund expenditures and transfers out totaling \$8,994,320, while the total fund balance represents 54.3% of total general fund expenditures and transfers out.

The fund balance in the City's general fund increased by \$371,663 or 8.24% from the prior year fund balance. The change of the current year's fund balance is mainly due to:

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- There was a transfer in of \$1,254,530 from the Fire Sales tax fund for operating purposes. Also there was a \$1,000,000 transfer out to the Debt Service fund to pay down bonds early on the 2002 Certificates of Participation obligation.
- Total revenue came in at \$571,583 over 2007 budgetary expectations.
- Expenditures in almost all departments were under budget, for a total of \$180,095 under 2007 budgetary expectations.

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

- Special Allocation Fund – West County Center increased by \$378,337 or 4.0%. This increase was due to current year tax revenue, both sales and property, coming in over 2007 expected budget of \$485,399 and over 2006 actual by \$171,901. At December 31, 2007, the total fund balance was \$9,847,197.
- Park Fund increased by \$567,032 or 36.6%. This increase was a result of a \$238,961 increase in total revenue for the fund over the previous year's actual figure. This was due to an increase in programs and other special events. Also, revenues for all departments came in under budget, for a total of \$450,248 under 2007 budgetary expectations. At December 31, 2007, the unreserved fund balance and total fund balance was \$2,117,323.
- Capital Improvements Fund decreased by \$92,997 or 5.0%. This decrease was anticipated with multiple projects budgeted throughout the year. One of the main projects completed was a renovation to the City Hall council chambers. At December 31, 2007, the unreserved fund balance was \$1,609,204 and the reserved fund balance was \$140,951 for a total of \$1,750,155.

General Fund Budgetary Highlights

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

- The public safety department had \$100,067 under budget in all categories due to one employee away on military leave during the year and three other open positions during 2007 due to turnover.
- The parks and recreation department had \$25,448 under budget for all categories combined. This was mainly due to employee turnover.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS

The City has invested \$36,928,088 in a broad range of capital assets, including park facilities, roads, buildings, machinery & equipment and automobiles & trucks. This amount represents a net increase for the current fiscal year (including additions and deletions) of \$138,512.

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

	December 31,	
	2007	2006
Land	\$ 10,586,051	\$ 10,373,555
Buildings	21,168,243	21,381,682
Vehicles	1,072,680	1,170,264
Furniture, fixtures and equipment	645,208	620,374
Infrastructure	3,455,906	3,243,701
	\$ 36,928,088	\$ 36,789,576

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 2007, the City had outstanding long-term debt obligations for governmental activities in the amount of \$50,395,000 compared to \$55,620,000 in 2006. Of this amount, \$30,685,000 is in tax increment financing bonds (West County Center), \$13,920,000 is in general obligation bonds (Public Safety Building and Recreation Center Construction), and \$5,790,000 is in certificates of participation (Recreation Center Construction). The 9.4% decrease in the City's long-term debt obligations is due to the additional principal paid on the tax increment financing bonds due to budgetary overages on sales and real estate income from 2006 and from retiring \$1,000,000 of the Certificates of Participation notes from a transfer from the General Fund.

City of Des Peres' Outstanding Debt

	December 31,	
	2007	2006
Tax increment revenue bonds	\$ 30,685,000	\$ 33,760,000
General obligation bonds	13,920,000	14,690,000
Certificates of participation	5,790,000	7,170,000
	\$ 50,395,000	\$ 55,620,000

Additional information on the City's long-term debt can be found in Note 4 of the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 2008 budget continues to fund all current City services while maintaining the same commitment to high level services for all citizens.

- The 2008 budget continues for the 14th consecutive year a rollback of the City's allowable real estate tax to \$0.00 representing a significant savings to City residents and businesses. The City is legally authorized to levy a tax of \$0.30 for general revenue purposes which would generate an estimated \$950,000 per year.
- The City will continue its free sanitation and recycling program to City single family residents in 2008, 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 are provided by using human resources. Consequently, the single largest expenditure within the operating budgets is for salary and benefits representing 72.3% of projected operating costs for 2008.

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, 2007

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 10,181,309
Receivables (net):	
Taxes	4,965,731
Interest	52,478
Court	31,933
Other	281,577
Prepaid items	132,109
Deferred charges, net	273,816
Restricted assets:	
Cash and investments	6,739,843
Capital assets:	
Nondepreciable	10,586,051
Depreciable, net of accumulated depreciation	26,342,037
Total Assets	<u>59,586,884</u>
Liabilities	
Accounts payable	247,796
Accrued payroll	315,872
Accrued interest payable	713,079
Unearned revenue	629,431
Deposits payable	496,162
Court bonds payable	15,673
Public safety forfeiture funds	6,819
Noncurrent liabilities:	
Due within one year	4,202,694
Due in more than one year	46,393,605
Total Liabilities	<u>53,021,131</u>
Net Assets	
Invested in capital assets, net of related debt	17,504,073
Restricted for:	
Debt service	6,539,679
Tax increment financing projects	4,060,236
Sewer lateral repair projects	175,778
Other capital projects	1,609,204
Unrestricted	<u>(23,323,217)</u>
Total Net Assets	<u>\$ 6,565,753</u>

CITY OF DES PERES, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Assets Primary Governmental Activities
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Primary Government					
Governmental Activities					
General government	\$ 1,697,361	\$ 1,276,262	\$ —	\$ —	\$ (421,099)
Public safety	4,914,165	443,325	—	13,530	(4,457,310)
Public works	367,052	209,133	—	—	(157,919)
Streets	1,026,139	—	69,574	—	(956,565)
Parks and recreation	4,458,609	3,052,916	—	—	(1,405,693)
Health	539,531	—	—	—	(539,531)
Interest on long-term debt	3,499,620	—	—	—	(3,499,620)
Total Governmental Activities	\$ 16,502,477	\$ 4,981,636	\$ 69,574	\$ 13,530	(11,437,737)

General Revenues:

Taxes:

Sales tax	12,765,520
Payments in lieu of taxes	2,654,304
Utility taxes	1,063,243
Investment income	804,368
Miscellaneous	671,942

Total General Revenues 17,959,377

Change in net assets 6,521,640

Net Assets - Beginning Of Year 44,113

Net Assets - End Of Year \$ 6,565,753

CITY OF DES PERES, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 3,640,100	\$ 1,640,788	\$ 2,451,675	\$ 1,350,896	\$ 173,097	\$ 924,753	\$ 10,181,309
Receivables:							
Taxes	1,512,913	2,419,448	398,176	436,142	—	199,052	4,965,731
Interest	49,630	—	—	2,848	—	—	52,478
Court	31,933	—	—	—	—	—	31,933
Other	254,649	—	1,434	—	—	25,494	281,577
Prepaid items	132,109	—	—	—	—	—	132,109
Restricted assets:							
Cash and investments	199,864	5,786,961	—	—	753,018	—	6,739,843
Total Assets	\$ 5,821,198	\$ 9,847,197	\$ 2,851,285	\$ 1,789,886	\$ 926,115	\$ 1,149,299	\$ 22,384,980
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ 180,847	\$ —	\$ 26,553	\$ 39,731	\$ 300	\$ 365	\$ 247,796
Accrued payroll	237,894	—	77,978	—	—	—	315,872
Deposits payable	496,162	—	—	—	—	—	496,162
Court bonds payable	15,673	—	—	—	—	—	15,673
Public safety forfeiture	6,819	—	—	—	—	—	6,819
Deferred revenue	—	—	629,431	—	—	—	629,431
Total Liabilities	937,395	—	733,962	39,731	300	365	1,711,753
Fund Balances							
Reserved for:							
Debt service	—	5,786,961	—	—	925,815	—	6,712,776
Prepaid items	132,109	—	—	—	—	—	132,109
Infrastructure	—	—	—	101,317	—	—	101,317
Tree replacement	—	—	—	39,634	—	—	39,634
Unreserved:							
Designated for subsequent purchases:							
Special Revenue Funds	—	—	100,000	—	—	392,509	492,509
Undesignated:							
General Fund	4,751,694	—	—	—	—	—	4,751,694
Special Revenue Funds	—	4,060,236	2,017,323	—	—	756,425	6,833,984
Capital Projects Fund	—	—	—	1,609,204	—	—	1,609,204
Total Fund Balances	4,883,803	9,847,197	2,117,323	1,750,155	925,815	1,148,934	20,673,227
Total Liabilities And Fund Balances	\$ 5,821,198	\$ 9,847,197	\$ 2,851,285	\$ 1,789,886	\$ 926,115	\$ 1,149,299	\$ 22,384,980

CITY OF DES PERES, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

December 31, 2007

Total fund balance - governmental funds \$ 20,673,227

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 \$52,934,178 and the accumulated depreciation is \$16,006,090.

36,928,088

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Balances related to long-term liabilities are as follows:

Accrued interest payable	(713,079)
Compensated absences	(213,468)
Unamortized bond premium	(472,774)
Unamortized deferred amount on refunding	484,943
Bonds and other long-term debt outstanding	(50,395,000)
Unamortized bond issuance costs	273,816

Total net assets - governmental activities \$ 6,565,753

CITY OF DES PERES, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2007

	General Fund	Special Allocation Fund - West County Center Fund	Park Fund	Capital Improvements Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 4,337,568	\$ 5,770,399	\$ 2,160,057	\$ 2,071,962	\$ —	\$ 1,079,838	\$ 15,419,824
Intergovernmental	767,063	—	—	—	—	—	767,063
Licenses	952,523	—	—	—	—	—	952,523
Fees and permits	115,420	—	3,052,916	—	—	—	3,168,336
Utility gross receipts tax	1,063,243	—	—	—	—	—	1,063,243
Investment income	229,173	281,996	111,883	76,809	62,085	42,422	804,368
Miscellaneous	601,843	—	(5,867)	148,106	10,965	93,713	848,760
Total Revenues	8,066,833	6,052,395	5,318,989	2,296,877	73,050	1,215,973	23,024,117
Expenditures							
Current:							
General government	1,207,845	—	—	—	—	—	1,207,845
Public safety	4,711,803	—	—	—	—	—	4,711,803
Public works	299,550	—	—	—	—	67,502	367,052
Streets	713,339	—	—	—	—	—	713,339
Parks and recreation	522,252	—	3,213,397	—	—	—	3,735,649
Health	539,531	—	—	—	—	—	539,531
Capital outlay	—	—	—	1,841,814	—	—	1,841,814
Debt service:							
Principal retirement	—	3,075,000	—	—	2,150,000	—	5,225,000
Interest and fiscal charges	—	2,599,058	—	—	926,482	—	3,525,540
Total Expenditures	7,994,320	5,674,058	3,213,397	1,841,814	3,076,482	67,502	21,867,573
Revenues Over (Under) Expenditures	72,513	378,337	2,105,592	455,063	(3,003,432)	1,148,471	1,156,544
Other Financing Sources (Uses)							
Transfers in	1,299,150	—	—	—	3,052,000	—	4,351,150
Transfers out	(1,000,000)	—	(1,538,560)	(548,060)	—	(1,264,530)	(4,351,150)
Total Other Financing Sources (Uses)	299,150	—	(1,538,560)	(548,060)	3,052,000	(1,264,530)	—
Net Change In Fund Balances	371,663	378,337	567,032	(92,997)	48,568	(116,059)	1,156,544
Fund Balances - Beginning Of Year	4,512,140	9,468,860	1,550,291	1,843,152	877,247	1,264,993	19,516,683
Fund Balances - End Of Year	\$ 4,883,803	\$ 9,847,197	\$ 2,117,323	\$ 1,750,155	\$ 925,815	\$ 1,148,934	\$ 20,673,227

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, 2007

Net change in fund balances - governmental funds \$ 1,156,544

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 \$1,469,634 exceeded depreciation of \$1,331,122 in the current period. 138,512

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:

Amortization of premium, issuance costs and deferred amount on refunding (23,668)
Repayment of bond principal 5,225,000

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 49,588
Compensated absences (24,336)

Change in net assets of governmental activities \$ 6,521,640

CITY OF DES PERES, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2007

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 City's more significant 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 activities of the primary government. The effect of interfund activity has been removed from these statements, with the exception of interfund services provided and used.

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 balance 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. The City currently does not levy a residential property tax. 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).

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 a 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.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs.

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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

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 \$5,000 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 value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets 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.

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 than 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 expended 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 financial statements, net assets are 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.

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 statement of net assets or balance sheet.

Allowance For Doubtful Accounts

No significant uncollectible receivables have been identified, 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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

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

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 \$76,942 in order to reflect the fair value at December 31, 2007.

Cash and investments as of December 31, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 10,181,309
Restricted cash and investments	6,739,843
Total cash and investments	<u>\$ 16,921,152</u>

Cash and investments as of December 31, 2007 consist of the following:

Cash on hand	\$ 3,300
Deposits with financial institutions	10,304,465
Investments	6,613,387
Total cash and investments	<u>\$ 16,921,152</u>

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

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.

<u>Authorized Investments</u>	<u>City Policy Legal Limit</u>	<u>Maximum Investment In One Issuer</u>
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's investment policy states that 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.

<u>Investment Type</u>	<u>Amount</u>	<u>12 Months Or Less</u>	<u>More Than 36 Months</u>
Money Market Funds	\$ 73,408	\$ 73,408	\$ —
Held by bond trustee:			
United States Agency Securities	4,738,343	—	4,738,343
Money Market Funds	1,801,636	1,801,636	—
	<u>\$ 6,613,387</u>	<u>\$ 1,875,044</u>	<u>\$ 4,738,343</u>

Credit Risk

The City's investment policy states that 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 will do business.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

- 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 December 31, 2007	
		S&P AAA	Not Rated
Money Market Funds	\$ 73,408	\$ —	\$ 73,408
Held by bond trustee:			
United States Agency Securities	4,738,343	4,738,343	—
Money Market Funds	1,801,636	—	1,801,636

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	U.S. Agency Securities	\$ 351,750
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	4,386,593

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

3. Capital Assets

Capital asset activity was as follows:

	Balance - January 1, 2007	Additions	Retirements	Balance - December 31, 2007
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,373,555	\$ 212,496	\$ —	\$ 10,586,051
Capital assets, being depreciated:				
Buildings	25,460,189	416,981	—	25,877,170
Vehicles	2,384,017	112,988	204,668	2,292,337
Furniture, fixtures, and equipment	3,628,557	303,810	216,213	3,716,154
Infrastructure	10,039,107	423,359	—	10,462,466
Total capital assets being depreciated	41,511,870	1,257,138	420,881	42,348,127
Less accumulated depreciation for:				
Buildings	4,078,507	630,420	—	4,708,927
Vehicles	1,213,753	210,572	204,668	1,219,657
Furniture, fixtures and equipment	3,008,183	278,976	216,213	3,070,946
Infrastructure	6,795,406	211,154	—	7,006,560
Total accumulated depreciation	15,095,849	1,331,122	420,881	16,006,090
Total capital assets being depreciated, net	26,416,021	(73,984)	—	26,342,037
Governmental activities capital assets, net	\$ 36,789,576	\$ 138,512	\$ —	\$ 36,928,088

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

	For The Year Ended December 31, 2007
Governmental Activities:	
General government	\$ 93,000
Public safety	202,362
Streets	312,800
Parks and recreation	722,960
Total depreciation expense - governmental activities	<u>\$ 1,331,122</u>

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

4. Long-Term Debt

Long-term debt consists of the following:

\$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%	\$ 5,790,000
\$815,000 general obligation refunding bonds, Series 2003, due in annual installments through February 1, 2009, interest rates range from 1% to 2.8%	300,000
\$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%	13,620,000
\$40,115,000 tax increment revenue bonds Series 2002, due April 15, 2020, interest rates ranging from 3% to 5.875%	<u>30,685,000</u>
	<u><u>\$ 50,395,000</u></u>

Changes in long-term debt are as follows:

	Balance - January 1, 2007	Additions	Retirements	Balance - December 31, 2007	Amounts Due Within One Year
Tax increment revenue bonds	\$ 33,760,000	\$ -	\$ 3,075,000	\$ 30,685,000	\$ 3,000,000
General obligation bonds	14,690,000	-	770,000	13,920,000	765,000
Certificates of participation	7,170,000	-	1,380,000	5,790,000	395,000
Total Bonds Payable	55,620,000	-	5,225,000	50,395,000	4,160,000
Compensated absences	189,132	401,940	377,604	213,468	42,694
	<u>\$ 55,809,132</u>	<u>\$ 401,940</u>	<u>\$ 5,602,604</u>	50,608,468	<u>\$ 4,202,694</u>
Add: Unamortized premium on bonds				472,774	
Less: Deferred amount on refunding				<u>(484,943)</u>	
Governmental Activities					
Long-Term Liabilities				<u>\$ 50,596,299</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
2008	\$ 395,000	\$ 280,138	\$ 145,000	\$ 6,153	\$ 620,000	\$ 529,325	\$ 1,160,000	\$ 815,616
2009	410,000	264,338	155,000	2,170	835,000	510,511	1,400,000	777,019
2010	425,000	246,913	—	—	875,000	486,979	1,300,000	733,892
2011	445,000	228,213	—	—	960,000	460,110	1,405,000	688,323
2012	465,000	208,188	—	—	995,000	430,039	1,460,000	638,227
2013 – 2017	2,680,000	684,808	—	—	5,460,000	1,605,994	8,140,000	2,290,802
2018 – 2020	970,000	70,353	—	—	3,875,000	316,757	4,845,000	387,110
	\$ 5,790,000	\$ 1,982,951	\$ 300,000	\$ 8,323	\$ 13,620,000	\$ 4,339,715	\$ 19,710,000	\$ 6,330,989

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.

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, 2007, funds held in the reserve funds of the Series 2002 Tax Increment Revenue Bonds and Series 2002 Certificates of Participation Bonds were in compliance with the required reserve amounts.

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 (the Plan), a defined contribution plan, effective January 1, 2000. The 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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 were used to satisfy employer contributions for the plan years ended December 31, 2001 and thereafter.

The Plan receives 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. All forfeited funds, if any, under the Plan are restricted for future Plan contributions and are included in restricted net assets on the statement of net assets.

The City's total contributions to the Plan totaled \$443,835 for the year ended December 31, 2007.

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.

6. Interfund Transfers

Individual fund transfers are as follows:

	For The Year Ended December 31, 2007						Total
	Transfers From						
	General Fund	Park Fund	Capital Improvements Funds	Other Governmental Funds			
			Sewer Lateral Fund	Fire Sales Tax Fund			
Transfer To:							
General Fund	\$ —	\$ 16,560	\$ 18,060	\$ 10,000	\$ 1,254,530		\$ 1,299,150
Other Governmental Funds:							
Debt Service Fund	1,000,000	1,522,000	530,000	—	—		3,052,000
	\$ 1,000,000	\$ 1,538,560	\$ 548,060	\$ 10,000	\$ 1,254,530		\$ 4,351,150

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.

CITY OF DES PERES, MISSOURI

Notes To Basic Financial Statements (Continued)

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 coverage and public officials liability. SLAIT is governed by a 12-person Board of Trustees who has 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 2007, the City did not receive a dividend from SLAIT.

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. 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>
2008	\$ 66,041
2009	66,041
2010	60,310
2011	26,660
	<u>\$ 219,052</u>

9. 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 financial statements of the City.

Required Supplementary Information

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, 2007

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Revenues				
Sales Tax And Use Taxes	\$ 4,200,000	\$ 4,200,000	\$ 4,337,568	\$ 137,568
Utility Gross Receipts Tax	881,000	881,000	1,063,243	182,243
Intergovernmental				
Gasoline tax	245,000	245,000	250,520	5,520
County road and bridge tax	345,000	345,000	375,742	30,742
Motor vehicle sales tax	49,500	49,500	67,487	17,987
Motor vehicle license fees	64,000	64,000	44,268	(19,732)
Cigarette tax	24,500	24,500	29,046	4,546
Total Intergovernmental	728,000	728,000	767,063	39,063
Licenses				
Merchant and vending	885,100	885,100	942,426	57,326
Liquor	10,000	10,000	10,097	97
Total Licenses	895,100	895,100	952,523	57,423
Fees And Permits				
Building, occupancy, and sign permits	70,150	70,150	93,335	23,185
Zoning and public improvements fees	10,000	10,000	6,700	(3,300)
Board of adjustment fees	1,000	1,000	2,050	1,050
Fire permits	25,000	25,000	13,335	(11,665)
Total Fees And Permits	106,150	106,150	115,420	9,270
Investment Income	125,000	125,000	229,173	104,173
Miscellaneous				
Ambulance fees	130,000	130,000	148,711	18,711
Court fines	285,000	285,000	294,614	9,614
Contracts and grants	—	—	69,574	69,574
Other	50,000	145,000	88,944	(56,056)
Total Miscellaneous	465,000	560,000	601,843	41,843
Total Revenues	7,400,250	7,495,250	8,066,833	571,583

(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, 2007**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Expenditures				
General Government				
Board and commissions:				
Personnel services	\$ 39,550	\$ 39,550	\$ 39,110	\$ (440)
Materials and supplies	1,000	1,000	326	(674)
Contractual services	71,200	125,300	135,592	10,292
Administration:				
Personnel services	218,170	218,170	216,010	(2,160)
Materials and supplies	1,500	1,500	1,096	(404)
Contractual services	15,035	15,035	11,061	(3,974)
Law:				
Personnel services	113,530	113,530	123,096	9,566
Materials and supplies	150	150	-	(150)
Contractual services	69,100	104,100	92,684	(11,416)
Finance:				
Personnel services	195,700	195,700	199,770	4,070
Materials and supplies	150	150	100	(50)
Contractual services	84,115	84,115	70,816	(13,299)
Government center:				
Personnel services	70,080	70,080	69,220	(860)
Materials and supplies	22,500	23,300	26,564	3,264
Contractual services	240,400	239,600	222,400	(17,200)
Total General Government	1,142,180	1,231,280	1,207,845	(23,435)
Public Safety				
Personnel services	4,236,200	4,236,200	4,171,603	(64,597)
Materials and supplies	124,300	124,300	115,078	(9,222)
Contractual services	451,370	451,370	425,122	(26,248)
Total Public Safety	4,811,870	4,811,870	4,711,803	(100,067)
Public Works				
Personnel services	282,690	282,690	289,491	6,801
Materials and supplies	4,975	4,975	4,246	(729)
Contractual services	14,450	14,450	5,813	(8,637)
Total Public Works	302,115	302,115	299,550	(2,565)
Streets				
Personnel services	490,050	490,050	492,792	2,742
Materials and supplies	126,470	138,470	133,684	(4,786)
Contractual services	77,730	89,730	86,863	(2,867)
Total Streets	694,250	718,250	713,339	(4,911)

(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, 2007**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original Budget	Final Budget		
Expenditures (Continued)				
Parks And Recreation				
Park Maintenance:				
Personnel services	\$ 402,100	\$ 405,100	\$ 385,780	\$ (19,320)
Materials and supplies	67,600	67,600	71,982	4,382
Contractual services	61,500	75,000	64,490	(10,510)
Total Parks And Recreation	531,200	547,700	522,252	(25,448)
Health - Contractual Services	563,200	563,200	539,531	(23,669)
Total Expenditures	8,044,815	8,174,415	7,994,320	(180,095)
Revenues Over (Under) Expenditures	(644,565)	(679,165)	72,513	751,678
Other Financing Sources				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	—
Transfers in	1,276,500	1,287,825	1,299,150	11,325
Sources (Uses)	276,500	287,825	299,150	11,325
Net Change In Fund Balances	\$ (368,065)	\$ (391,340)	371,663	\$ 763,003
Fund Balance - Beginning Of Year			4,512,140	
Fund Balance - End Of Year			\$ 4,883,803	

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, 2007**

	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
Revenues				Budget
Taxes	\$ 5,285,000	\$ 5,285,000	\$ 5,770,399	\$ 485,399
Investment income	125,000	125,000	281,996	156,996
Total Revenues	5,410,000	5,410,000	6,052,395	642,395
Expenditures				
Current:				
Payments to other taxing jurisdictions	650,000	855,000	854,058	(942)
Debt service:				
Principal retirement	2,285,000	3,075,000	3,075,000	—
Interest and fiscal charges	1,825,460	1,825,460	1,745,000	(80,460)
Total Expenditures	4,760,460	5,755,460	5,674,058	(81,402)
Net Change In Fund Balances	\$ 649,540	\$ (345,460)	378,337	\$ 723,797
Fund Balance - Beginning Of Year			9,468,860	
Fund Balance - End Of Year			\$ 9,847,197	

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, 2007

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Taxes	\$ 2,020,000	\$ 2,020,000	\$ 2,160,057	\$ 140,057
Fees and charges	3,137,325	3,137,325	3,052,916	(84,409)
Investment income	80,000	108,000	111,883	3,883
Miscellaneous	5,500	5,500	(5,867)	(11,367)
Total Revenues	5,242,825	5,270,825	5,318,989	48,164
Expenditures				
Current:				
Parks and recreation	3,635,645	3,663,645	3,213,397	(450,248)
Revenues Over Expenditures	1,607,180	1,607,180	2,105,592	498,412
Other Financing Uses				
Transfers out	(1,529,500)	(1,534,030)	(1,538,560)	4,530
Net Change In Fund Balances	\$ 77,680	\$ 73,150	567,032	\$ 493,882
Fund Balance - Beginning Of Year			<u>1,550,291</u>	
Fund Balance - End Of Year			<u>\$ 2,117,323</u>	

CITY OF DES PERES, MISSOURI

NOTES TO BUDGETARY COMPARISON INFORMATION
December 31, 2007

Budgets And Budgetary Accounting

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

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

Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following funds and departments at December 31, 2007:

<u>Fund</u>	<u>Amount</u>
General:	
General government – board and commissions	\$ 9,178

Supplementary Information

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

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.

CITY OF DES PERES, MISSOURI
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Sewer Lateral Fund	Fire Sales Tax Fund	Total
Assets			
Cash and investments	\$ 152,259	\$ 772,494	\$ 924,753
Receivables:			
Taxes	—	199,052	199,052
Other	23,884	1,610	25,494
Total Assets	\$ 176,143	\$ 973,156	\$ 1,149,299
Liabilities And Fund Balances			
Liabilities			
Accounts payable	\$ 365	\$ —	\$ 365
Fund Balances			
Unreserved:			
Designated for subsequent purchases:			
Special Revenue Funds	—	392,509	392,509
Undesignated:			
Special Revenue Funds	175,778	580,647	756,425
Total Fund Balances	175,778	973,156	1,148,934
Total Liabilities And Fund Balances	\$ 176,143	\$ 973,156	\$ 1,149,299

CITY OF DES PERES, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007**

	Sewer Lateral Fund	Fire Sales Tax Fund	Total
Revenues			
Taxes	\$ —	\$ 1,079,838	\$ 1,079,838
Investment income	—	42,422	42,422
Miscellaneous	93,713	—	93,713
Total Revenues	93,713	1,122,260	1,215,973
Expenditures			
Current:			
Public works	67,502	—	67,502
Revenues Over (Under)			
Expenditures	26,211	1,122,260	1,148,471
Other Financing Sources (Uses)			
Transfers out	(10,000)	(1,254,530)	(1,264,530)
Net Change In Fund Balances	16,211	(132,270)	(116,059)
Fund Balance - Beginning Of Year	159,567	1,105,426	1,264,993
Fund Balance - End Of Year	\$ 175,778	\$ 973,156	\$ 1,148,934

CITY OF DES PERES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE -
SEWER LATERAL FUND**

For The Year Ended December 31, 2007

	Original And Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Miscellaneous	\$ 94,000	\$ 93,713	\$ (287)
Expenditures			
Current:			
Public works	84,000	67,502	(16,498)
Revenues Over Expenditures	10,000	26,211	16,211
Other Financing Uses			
Transfer out	(10,000)	(10,000)	—
Net Change In Fund Balances	<u>\$ —</u>	<u>16,211</u>	<u>\$ 16,211</u>
Fund Balance - Beginning Of Year		<u>159,567</u>	
Fund Balance - End Of Year		<u>\$ 175,778</u>	

CITY OF DES PERES, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE -
FIRE SALES TAX FUND
For The Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
				Budget
Revenues				
Taxes	\$ 1,025,000	\$ 1,025,000	\$ 1,079,838	\$ 54,838
Investment income	40,000	40,000	42,422	2,422
Total Revenues	1,065,000	1,065,000	1,122,260	57,260
Other Financing Uses				
Transfers out	(1,250,000)	(1,252,265)	(1,254,530)	2,265
Net Change In Fund Balances	\$ (185,000)	\$ (187,265)	(132,270)	\$ 54,995
Fund Balance - Beginning Of Year			<u>1,105,426</u>	
Fund Balance - End Of Year			<u>\$ 973,156</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.

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.

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

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND
For The Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Investment income	\$ 80,000	\$ 80,000	\$ 62,085	\$ (17,915)
Miscellaneous	11,000	11,000	10,965	(35)
Total Revenues	91,000	91,000	73,050	(17,950)
Expenditures				
Debt service:				
Principal	2,150,000	2,150,000	2,150,000	—
Interest and fiscal charges	910,051	930,051	926,482	(3,569)
Total Expenditures	3,060,051	3,080,051	3,076,482	(3,569)
Revenues Under Expenditures	(2,969,051)	(2,989,051)	(3,003,432)	(14,381)
Other Financing Sources				
Transfers in	3,052,000	3,052,000	3,052,000	—
Net Change In Fund Balances	\$ 82,949	\$ 62,949	48,568	\$ (14,381)
Fund Balance - Beginning Of Year			<u>877,247</u>	
Fund Balance - End Of Year			<u>\$ 925,815</u>	

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, 2007

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,071,962	\$ 71,962
Investment income	60,000	60,000	76,809	16,809
Miscellaneous	298,000	75,650	148,106	72,456
Total Revenues	2,358,000	2,135,650	2,296,877	161,227
Expenditures				
Capital outlay:				
General government	278,500	433,100	519,927	86,827
Public safety	190,150	294,100	262,494	(31,606)
Streets	989,600	704,600	678,914	(25,686)
Parks and recreation	357,700	431,850	380,479	(51,371)
Total Expenditures	1,815,950	1,863,650	1,841,814	(21,836)
Revenues Over Expenditures	542,050	272,000	455,063	183,063
Other Financing Uses				
Transfers out	(539,000)	(543,530)	(548,060)	4,530
Net Change In Fund Balances	\$ 3,050	\$ (271,530)	(92,997)	\$ 178,533
Fund Balance - Beginning Of Year			1,843,152	
Fund Balance - End Of Year			\$ 1,750,155	

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends	44 - 47
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	48 - 51
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	52 - 56
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	57 - 58
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	59 - 61
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF DES PERES, MISSOURI

NET ASSETS BY COMPONENT⁽¹⁾ LAST FOUR FISCAL YEARS

Function	December 31,			
	2004	2005	2006	2007
Government activities:				
Invested in capital assets, net of related debt	\$ 14,428,482	\$ 14,558,055	\$ 15,239,229	\$ 17,504,073
Restricted	10,382,946	11,345,400	12,232,047	12,384,897
Unrestricted	(36,387,212)	(31,880,266)	(27,427,163)	(23,323,217)
	<u>\$ (11,575,784)</u>	<u>\$ (5,976,811)</u>	<u>\$ 44,113</u>	<u>\$ 6,565,753</u>

Note:

(1) GASB Statement 34 was implemented in 2004.

Source: Basic financial statements

CITY OF DES PERES, MISSOURI

CHANGES IN NET ASSETS⁽¹⁾ LAST FOUR FISCAL YEARS

	For The Years Ended December 31,			
	2004	2005	2006	2007
EXPENSES				
Primary Government				
Government activities:				
General government	\$ 1,106,333	\$ 1,146,285	\$ 1,382,122	\$ 1,697,363
Public safety	4,351,139	4,509,420	4,679,762	4,914,165
Public works	315,508	314,942	323,408	367,052
Streets	922,947	985,048	895,483	1,026,139
Parks and recreation	3,868,855	4,114,178	4,380,856	4,458,609
Health	513,452	516,770	527,638	539,531
Interest on long-term debt	3,102,058	3,397,957	3,400,120	3,499,618
Total primary government expenses	14,180,292	14,984,600	15,589,389	16,502,477
PROGRAM REVENUES				
Primary Government				
Governmental activities:				
Charges for services:				
General government	1,009,665	1,068,426	907,564	1,276,262
Public safety	125,928	130,628	412,619	443,325
Public works	106,415	172,170	235,004	209,133
Parks & recreation	2,070,160	2,593,144	2,929,021	3,052,916
Operating grants and contributions	744,037	690,972	771,644	69,574
Capital grants and contributions	—	232,515	47,506	13,530
Total primary government program revenues	4,056,205	4,887,855	5,303,358	5,064,740
General Revenues and Other Changes in Net Assets				
Primary Government				
Governmental activities:				
Taxes:				
Sales tax	11,242,447	12,118,497	12,409,770	12,765,520
Property tax	1,141,801	2,341,435	2,387,945	2,654,304
Utility tax	830,038	846,295	870,934	1,063,243
Investment income	141,064	305,596	435,196	804,368
Miscellaneous	125,185	83,895	203,110	671,942
Total primary government	13,480,535	15,695,718	16,306,955	17,959,377
Changes in Net Assets				
Total primary government	\$ 3,356,448	\$ 5,598,973	\$ 6,020,924	\$ 6,521,640

Notes:

(1) GASB Statement 34 was implemented in 2004.

Source: Basic financial statements

CITY OF DES PERES, MISSOURI

FUND BALANCES, GOVERNMENTAL FUNDS⁽¹⁾ LAST FOUR FISCAL YEARS⁽²⁾

	December 31,			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 147,059	\$ 210,938	\$ 250,145	\$ 132,109
Unreserved	2,433,991	3,001,730	4,261,995	4,751,694
Total General Fund	\$ 2,581,050	\$ 3,212,668	\$ 4,512,140	\$ 4,883,803
All other governmental funds:				
Reserved	\$ 847,791	\$ 6,182,260	\$ 6,915,068	\$ 6,853,727
Unreserved, reported in:				
Special Revenue Funds ⁽¹⁾	8,079,254	5,188,927	6,044,823	7,326,493
Capital Project Funds	1,403,716	1,866,573	2,044,652	1,609,204
Total All Other Governmental Funds	\$ 10,330,761	\$ 13,237,760	\$ 15,004,543	\$ 15,789,424

Notes:

(1) Moved Special Allocation Fund - Reserve Fund to Reserved in 2005.

(2) Only four years of governmental fund balance data was obtained and reported.

Source: Basic financial statements

CITY OF DES PERES, MISSOURI

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST FOUR YEARS⁽¹⁾

	For The Years Ended December 31,			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 12,276,332	\$ 14,479,073	\$ 14,797,715	\$ 15,419,824
Intergovernmental	722,520	679,330	780,093	767,063
Licenses	712,988	785,183	875,658	952,523
Fees and permits	2,166,293	2,692,768	3,069,866	3,168,336
Utility gross receipts tax	810,520	827,155	870,934	1,063,243
Investment income	141,064	305,596	435,196	804,368
Miscellaneous	745,814	814,467	780,851	848,760
Total Revenues	17,575,531	20,583,572	21,610,313	23,024,117
Expenditures				
Current:				
General government	1,019,893	1,017,396	1,063,361	1,207,845
Public safety	4,094,630	4,287,293	4,458,351	4,711,803
Public works	316,857	309,242	323,408	367,052
Streets	600,853	584,876	594,400	713,339
Parks and recreation	2,953,246	3,303,788	3,619,151	3,735,649
Health	513,452	516,770	527,638	539,531
Capital outlay	1,799,414	1,391,835	1,887,317	1,841,814
Debt service:				
Principal retirement	2,540,000	2,170,000	2,675,000	5,225,000
Interest and fiscal charges	3,120,597	3,463,755	3,395,432	3,525,540
Bond issuance costs	—	339,905	—	—
Total Expenditures	16,958,942	17,384,860	18,544,058	21,867,573
Revenues Over (Under) Expenditures	616,589	3,198,712	3,066,255	1,156,544
Other Financing Sources (Uses)				
Transfers in	5,129,734	1,971,098	2,495,874	4,351,150
Transfers out	(5,129,734)	(1,971,098)	(2,495,874)	(4,351,150)
Premium from refunding debt	—	586,898	—	—
Issuance of refunding debt	—	14,555,000	—	—
Payments to refunding escrow agent	—	(14,801,993)	—	—
Total Other Financing Sources (Uses)	—	339,905	—	—
Net Change In Fund Balances	616,589	3,538,617	3,066,255	1,156,544
Fund Balances - Beginning Of Year	12,295,222	12,911,811	16,450,428	19,516,683
Fund Balances - End Of Year	\$ 12,911,811	\$ 16,450,428	\$ 19,516,683	\$ 20,673,227
Debt Service As A Percentage				
Of Noncapital Expenditures	37.3%	37.4%	36.4%	43.7%

Note:

(1) Only four years of governmental changes in fund balance data was obtained and reported.

Source: Basic financial statements

CITY OF DES PERES, MISSOURI

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property			Personal Property	Railroad And Utilities	Total Taxable Assessed Value	Estimated Actual Value	Total Direct Tax Rate ⁽²⁾
	Residential Property	Commercial Property	Agricultural Property					
1998	\$ 176,083,370	\$ —	\$ —	\$ 36,154,477	\$ 3,324,569	\$ 215,562,416	\$ 922,994,622	\$ —
1999*	190,146,660	—	—	37,400,199	2,749,897	230,296,756	989,155,927	—
2000	195,240,990	—	—	41,461,187	2,797,418	239,499,595	1,022,854,001	—
2001*	210,849,440	—	—	40,244,206	2,822,816	253,916,462	1,092,480,424	—
2002	219,120,290	—	—	41,900,792	2,752,945	263,774,027	1,111,292,099	—
2003*	158,538,480	90,702,920	157,180	52,924,819	2,558,773	304,882,172	1,286,038,292	—
2004	160,783,420	97,006,370	159,810	62,137,550	2,777,652	322,864,802	1,344,372,359	—
2005* ⁽¹⁾	189,312,979	112,957,590	180,690	52,759,591	—	355,210,850	1,786,824,022	—
2006	189,249,130	112,752,310	172,970	51,716,400	—	353,890,810	1,504,989,639	—
2007*	229,495,930	129,271,790	195,010	51,297,530	—	410,260,260	1,767,365,488	—

Notes:

* Reassessment years

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

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%.

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

(2) For thirteen consecutive years, the City has maintained the real estate tax rate at \$0.00.

Source: St. Louis County Assessor

CITY OF DES PERES, MISSOURI

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City of Des Peres, Missouri ⁽¹⁾	\$ 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	0.570	0.453	0.453
Special School District	0.640	0.620	0.623	0.835	0.849	0.833	0.905	0.840	0.824	0.908
St. Louis Community College	0.240	0.240	0.240	0.230	0.232	0.231	0.237	0.223	0.223	0.200
St. Louis County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.150	0.150	0.150	0.140
Metro Sewer District	0.070	0.070	0.070	0.069	0.069	0.069	0.069	0.069	0.069	0.067
Metro Sewer District Extension	0.020	0.020	0.020	0.019	0.019	0.019	0.019	0.019	0.019	0.017
Mississippi River Anti-Pollution	0.020	0.020	0.020	0.020	0.000	0.000	0.000	0.000	0.000	0.000
Sugar Creek Subdistrict	0.070	0.070	0.070	0.070	0.062	0.063	0.066	0.060	0.069	0.052
Deer Creek Subdistrict	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.000	0.000
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	0.227	0.232	0.222	0.222	0.226	0.276	0.265	0.261	0.233
Sheltered Workshop	0.080	0.085	0.085	0.085	0.085	0.085	0.085	0.082	0.085	0.070
Total Overlapping Governments	2.252	2.232	2.240	2.430	2.418	2.406	2.547	2.438	2.253	2.240
Total City And Overlapping Governments	2.252	2.232	2.240	2.430	2.418	2.40-6	2.547	2.438	2.253	2.240
School districts:										
Kirkwood	3.790	4.220	4.225	3.946	3.744	3.750	3.859	3.714	4.1525	3.9895
Parkway	3.730	3.640	3.603	3.455	3.511	3.451	3.692	3.453	3.7079	3.2300

Note:

(1) For thirteen consecutive years, the City has maintained the real estate tax rate at \$0.00.

Source: St. Louis County Assessor

CITY OF DES PERES, MISSOURI

PRINCIPAL PROPERTY TAX PAYERS⁽¹⁾ CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Total Assessed Value (2)	Rank	Percentage Of Total City Taxable Assessed Value	Total Assessed Value (3)	Rank	Percentage Of Total City Taxable Assessed Value
West County Center LLC	\$ 31,841,310	1	7.76%	\$ —	—	—
EDJ Leasing Company	11,468,170	2	2.80%	8,277,597	1	3.84%
Tenet Health Systems	7,664,160	3	1.87%	—	—	—
Southwestern Bell Telephone Company	7,109,890	4	1.73%	—	—	—
AT&T Mobility	5,144,110	5	1.25%	—	—	—
Duke Realty Investment Inc.	5,143,940	6	1.25%	4,181,911	5	1.94%
May (Federated) Department Stores	4,924,350	7	1.20%	4,009,461	6	1.86%
DDR Realty and Maryland Holding Inc.	3,783,840	8	0.92%	—	—	—
Corporate Property Investors	3,397,080	9	0.83%	3,535,224	7	1.64%
Wal-Mart Properties	3,134,560	10	0.76%	—	—	—
CenterMark Properties	—	—	—	6,811,772	2	3.16%
TBC Realty	—	—	—	5,518,398	3	2.56%
Equitable Life Insurance	—	—	—	4,483,698	4	2.08%
Esnosnas Partnership	—	—	—	2,759,199	8	1.28%
Wehrenberg	—	—	—	1,896,949	9	0.88%
Schnucks Markets	—	—	—	1,810,724	10	0.84%

Notes:

- (1) These entities represent property owners with the largest assessed value only, since the City has maintained the property tax rate of \$0.00 for the last thirteen years.
- (2) Based on 2007 assessed valuation equal to \$410,260,260.
- (3) Based on 1998 assessed valuation equal to \$215,562,416.

Source: Office of the St. Louis County Assessor

CITY OF DES PERES, MISSOURI

SALES TAX COLLECTED LAST TEN FISCAL YEARS

Fiscal Year	General Fund 1.25% July 1, 1971	Fund 0.50% April 1, 1995	Park Fund 0.50% January 1, 2001	Fire Fund (2) 0.25% April 1, 2004	Total
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
2006	3,783,995	1,979,044	2,049,276	1,033,241	8,845,556
2007	3,941,409	2,071,962	2,160,057	1,079,838	9,253,266

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

The City is home to the recently developed West County Mall, a 1.2 million square foot regional shopping center featuring four anchor stores - Macy's, Nordstroms, JC Penney and Dick's Sporting Goods. The redevelopment of the shopping center together with the existing authority to level local option sales taxes at a rate of up to 2.5%, 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 Club and Schnuck's Shopping Center.

As set out in Section 32.057 of the Missouri Revised State Statutes, it is a violation to make known in any manner the tax returns or departmental records derived from the Missouri Department of Revenue. Due to the confidentiality of earnings information, the above alternative information is provided to assist the users in understanding this revenue source.

Source:

City Finance Department

CITY OF DES PERES, MISSOURI

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Certificates Of Participation	Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Tax Increment Refunding Revenue Bonds					
1998	\$ 1,335,000	\$ —		\$ —	\$ 1,335,000	0.22%	\$ 155
1999	1,240,000	—		—	1,240,000	0.17%	143
2000	16,140,000	—		—	16,140,000	2.20%	1,878
2001	16,035,000	24,440,000		—	40,475,000	4.44%	4,711
2002	15,730,000	40,115,000		7,170,000	63,015,000	6.91%	7,334
2003	15,415,000	40,065,000		7,170,000	62,650,000	6.87%	7,292
2004	15,095,000	37,845,000		7,170,000	60,110,000	6.59%	6,996
2005	15,130,000	35,995,000		7,170,000	58,295,000	6.39%	6,785
2006	14,690,000	33,760,000		7,170,000	55,620,000	6.10%	6,473
2007	13,920,000	30,685,000		5,790,000	50,395,000	5.52%	5,865

Notes:

- (1) In 2000, the City issued \$15,000,000 in GO Bonds for the City's community center, The Lodge Des Peres
- (2) In 2001, the City issued \$24,440,000 in Tax Increment Revenue Bonds for the West County Center Project.
- (3) In 2002, the City issued \$40,115,000 in Tax Increment Refunding Revenue Bonds to refund the 2001 bonds and to provide funding for the West County Project.
- (4) In 2002, the City issued \$7,170,000 in Certificates of Participation to provide funding for the City's community center, The Lodge Des Peres
- (5) In 2005, the City issued \$14,555,000 in General Obligation Refunding Bonds to advance refund the City's outstanding Series 2000 GO Bonds.

Sources:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Demographic and Economic Statistics Schedule for personal income and population data.

CITY OF DES PERES, MISSOURI

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1998	\$ 1,335,000	0.14%	\$ 155
1999	1,240,000	0.13%	143
2000	16,140,000	1.58%	1,878
2001	16,035,000	1.47%	1,866
2002	15,730,000	1.42%	1,831
2003	15,415,000	1.20%	1,794
2004	15,095,000	1.12%	8,592
2005	15,130,000	0.85%	1,761
2006	14,690,000	0.98%	1,710
2007	13,920,000	0.79%	1,620

Notes:

(1) See "Assessed Value and Actual Value of Taxable Property" table for property value data.

(2) See "Demographic and Economic Statistics" table for population data.

Source:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DES PERES, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF DECEMBER 31, 2007

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City Of Des Peres	Amount Applicable To City Of Des Peres
City of Des Peres	\$ 13,920,000	100.00%	\$ 13,920,000
St. Louis County	78,010,000	1.00%	780,100
Parkway School District (1)	160,031,281	2.00%	3,200,626
Kirkwood School District (1)	26,190,000	17.00%	4,452,300
Total Direct And Overlapping Debt	\$ 278,151,281		\$ 22,353,026

Note:

(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
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit (1)	\$ 21,556,232	\$ 23,029,676	\$ 23,949,960	\$ 25,391,646	\$ 26,377,403	\$ 30,488,217	\$ 32,286,480	\$ 35,521,085	\$ 35,685,329	\$ 41,026,026
Total net debt applicable to debt limit	1,335,000	1,240,000	16,140,000	16,035,000	15,730,000	15,415,000	15,095,000	15,130,000	14,690,000	13,920,000
Legal debt margin	\$ 20,221,232	\$ 21,789,676	\$ 7,809,960	\$ 9,356,646	\$ 10,647,403	\$ 15,073,217	\$ 17,191,480	\$ 20,391,085	\$ 20,995,329	\$ 27,106,026
Total net debt applicable to the limit as a percentage of debt limit	6.19%	5.38%	67.39%	63.15%	59.63%	50.56%	46.75%	42.59%	41.17%	33.93%

Notes:

(1) Debt limit is 10% of the assessed value, which can be found in the "Assessed Value and Actual Value of Taxable Property" table. Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

Source:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DES PERES, MISSOURI

PLEGGED REVENUE COVERAGE LAST SIX FISCAL YEARS⁽¹⁾

Year	TIF Refunding Revenue Bonds (2)								Certificates of Participation (3)				
	TIF Economic Activity Tax	TIF Payments In Lieu Of Tax	Less Operating Expense	Net Available Revenue	Debt Service		Coverage	Park Sales Tax	Net Available Revenue	Debt Service		Coverage	
					Principal	Interest				Principal	Interest		
2002	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	0.00%	\$ 1,783,807	\$ 1,783,807	\$ —	\$ —	—
2003	2,096,768	1,324,650	—	3,421,418	50,000	2,289,959	146.22%	1,893,582	1,893,582	—	347,888	544.31%	
2004	1,957,653	1,732,153	590,353	3,099,453	2,220,000	2,012,533	73.23%	2,002,314	2,002,314	—	347,887	575.56%	
2005	2,805,460	2,341,435	511,931	4,634,964	1,850,000	1,935,943	122.43%	2,029,244	2,029,244	—	347,888	583.30%	
2006	2,839,548	2,758,950	619,783	4,978,715	2,235,000	1,859,415	121.60%	2,049,276	2,049,276	—	347,887	589.06%	
2007	3,094,682	2,654,304	854,058	4,894,928	3,075,000	1,745,000	101.55%	2,160,057	2,160,057	1,380,000	347,966	125.01%	

Notes:

- (1) 2002 was the first year the City maintained debt with a pledged revenue source.
- (2) TIF Refunding Revenue Bonds are backed by economic activity (sales) and payments in lieu of taxes generated at the West County Mall.
- (3) Certificates of Participation are backed by the sales tax revenue produced by the .5% sales tax rate in effect when the bonds were issued.

Source:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF DES PERES, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Population (1)	Personal Income	Median Household Income (1)	Parkway School District Enrollment (3)	Kirkwood School District Enrollment (3)	Unemployment Rate (2)
1998	8,591	\$ 615,854,426	\$ 71,686	20,700	5,061	3.10%
1999	8,679	739,693,812	85,228	21,000	5,061	2.60%
2000	8,592	732,278,976	85,228	20,547	4,984	2.80%
2001	8,592	912,427,440	106,195	20,231	5,061	3.90%
2002	8,592	912,427,440	106,195	22,130	5,101	4.70%
2003	8,592	912,427,440	106,195	19,928	5,101	5.20%
2004	8,592	912,427,440	106,195	19,578	5,109	5.50%
2005	8,592	912,427,440	106,195	18,994	4,995	5.20%
2006	8,592	912,427,440	106,195	18,787	4,982	4.60%
2007	8,592	912,427,440	106,195	18,212	4,975	5.30%

Sources:

- (1) Missouri Census Data Center
- (2) US Department of Labor - Bureau of Labor Statistics
- (3) The above-named School Districts.

CITY OF DES PERES, MISSOURI

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2007 (1)			1998 (2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Edward D. Jones and Company	913	1	9.13%	800	1	8.89%
Des Peres Hospital (Formerly Deaconess Hospital)	716	2	7.16%	253	5	2.81%
Macy's (Formerly Famous Barr)	307	3	3.07%	350	3	3.89%
Nordstrom's	284	4	2.84%	—	—	—
JC Penney	232	5	2.32%	263	4	2.92%
Sam's Wholesale Club	210	6	2.10%	233	7	2.59%
Schnucks Markets	148	7	1.48%	240	6	2.67%
Dick's Sporting Goods	87	8	0.87%	—	—	—
Bick Group	87	9	0.87%	—	—	—
Southwest Bank	82	10	0.82%	—	—	—
Southwestern Bell Telecommunications	—	—	—	531	2	5.90%
Wehrenberg	—	—	—	145	8	1.61%

Sources:

(1) Des Peres Business License Database

(2) 1998 CAFR, Estimated total City Employment based on growth over the last 10 years. Also, in 1998, only the top 8 employers were available and reported.

CITY OF DES PERES, MISSOURI

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government:										
City Administrator	1	1	1	1	1	1	1	1	1	1
Assistant City Administrator	—	—	—	—	1	1	1	1	1	1
City Clerk	—	—	—	—	—	—	—	—	1	1
Deputy City Clerk	1	1	1	1	1	1	1	1	—	—
Director of Finance	1	1	1	1	1	1	1	1	1	1
Accounting Clerk	1	1	1	1	1	1	1	1	1	1
Municipal Court Clerk	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Director of Public Safety	1	1	1	1	1	1	1	1	1	1
Captain	2	2	2	2	3	3	3	3	3	3
Lieutenant	4	4	5	5	5	5	4	4	4	4
Sergeant	3	3	3	3	3	4	4	4	3	3
Corporal	3	3	3	3	3	3	3	3	3	3
PSO-MEMT	6	6	7	7	8	6	6	6	7	7
FF-MEMT	3	3	3	3	3	3	3	3	3	3
PSO-EMT	15	15	15	13	12	13	12	13	13	12
PSO-Detective	2	2	2	2	2	2	2	2	2	2
Police-EMT	—	—	—	—	2	4	4	4	4	4
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Records Clerk	1	1	1	1	1	1	1	1	1	1
Dispatcher	4	4	5	5	5	6	5	5	5	5
Public Works:										
Director of Public Works	1	1	1	1	1	1	1	1	1	1
Planner	—	—	1	1	1	1	1	—	—	—
Code Enforcement Officer	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Streets:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Foreman	1	1	2	2	2	2	2	2	2	2
Maintenance Worker	5	5	5	5	5	5	5	5	5	5
Parks:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Foreman	—	—	1	1	1	1	1	1	—	1
Maintenance Worker	3	3	3	3	3	3	3	3	4	4
Recreation:										
Director of Recreation	—	—	—	—	1	1	1	1	1	1
Superintendent	—	—	1	1	1	3	3	3	2	2
Supervisor	1	1	—	—	—	4	4	4	5	5
Recreation Specialist	—	—	—	—	—	3	4	4	3	3
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Building Maintenance	—	—	—	—	—	3	7	7	8	8
Total	66	66	72	70	75	90	92	92	92	92

CITY OF DES PERES, MISSOURI

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST FIVE FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007
Public Safety:					
Average number of police calls per month	97	68	68	68	70
Average number of fire calls per month	63	65	90	65	91
Average number of EMS calls per month	63	66	66	66	71
Average number of physical arrests per month	65	66	66	66	57
Parks and Recreation (1):					
Average number of Lodge memberships	—	2,474	3,384	4,044	5,549
Annual Member Visits	—	241,172	280,189	276,033	297,574
Annual Daily Admission Visits	—	30,367	33,663	35,674	39,077
Public Works:					
Number of Permits Issued	217	213	215	224	212
Value of Construction	\$ 23,520,035	\$ 20,184,320	\$ 16,799,925	\$ 22,903,963	\$ 24,295,176
Finance and Administration:					
Business licenses issued	500	500	500	500	516
Liquor licenses issued	22	21	22	21	22

Notes:

- (1) The Lodge Des Peres did not open until November 2003. 2003 data is not available at this time.
- (2) Only five years of operating indicators were available.

Source: Various operating departments within the City of Des Peres.

CITY OF DES PERES, MISSOURI

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety:										
Stations	1	1	1	1	1	2	2	2	2	2
Vehicles	17	17	17	17	17	17	17	17	17	17
Fire trucks/pumpers	2	2	2	2	2	2	2	2	2	2
Ambulances	2	2	2	2	2	2	2	2	2	2
Fire hydrants	365	365	365	365	365	365	365	365	365	365
Parks and Recreation:										
Acres of parks	72.3	72.3	72.3	72.3	72.3	72.3	72.3	72.3	72.3	96.3
Number of parks	4	4	4	4	4	4	4	4	4	6
Tennis courts	6	6	6	6	6	6	6	6	6	6
Miles of trails	2	2	2	2	2	2	2	2	2	3
Public Works:										
Area of City (1)	4.24	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Miles of streets	52	54	54	54	54	54	54	54	54	54
Miles of sidewalks	30	31	31	31	31	31	31	31	31	31
Number of streets	210	216	216	216	216	216	216	216	216	216
Number of street lights (provided by the City)	131	142	142	142	142	142	142	142	142	142

Notes:

(1) Area in square miles.

Source: Various operating departments within the City of Des Peres.