

Popular Annual Financial Report

2013



City of Des Peres, Missouri

12325 Manchester Road
Des Peres, MO 63131

Phone: 314-835-6100 fax: 314-835-6101

www.desperesmo.org

To the Citizens of Des Peres:

I am pleased to present the City of Des Peres' (the "City's") Popular Annual Financial Report (PAFR) for the year ended December 31, 2013. This report is intended to increase the community's awareness of the financial operations of the City. As such, the report is written in a manner that will summarize and communicate the City's financial position. Financial information within this report is derived from the City's 2013 Comprehensive Annual Financial Report (CAFR). The CAFR provides more detailed information and includes an independent auditor report from a firm of licensed certified public accountants. The CAFR is prepared in accordance with Accounting Principles Generally Accepted in the United States of America. We are proud to report that the City's Finance Department has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for each of the past 18 years. Copies of the 2013 CAFR are available on the City's website at www.desperes.org. The City will be submitting this PAFR for consideration for the Award of Outstanding Achievement in Popular Financial Reporting from the GFOA.

Sincerely,
Tracy E. Hansen, CPA
Director of Finance

The City of Des Peres provides a full range of municipal services, including police, fire protection, emergency medical services, court, planning and zoning, code enforcement, public works, trash collection, parks and recreation and general administration.

Statistical Data

Year of incorporation: 1934
Form of government: Mayor/Council/City Administrator
Area: 4.25 square miles
Miles of streets: 54
Number of streets: 217
Miles of sidewalks: 31
Acres of parks: 96.3
Miles of trails: 7
Number of fire hydrants: 365
Total employees, full-time: 98
Sales Tax:
State 4.225%
St. Louis County 2.700%
City of Des Peres 1.500%
Property Tax: None

Demographic Data

Population: 8,420
Median household income: \$121,319
Per capita income: \$54,757
Residential households: 3,114
Median value of owner-occupied housing: \$358,100

Appointed Officials

City Administrator
Douglas Harms
Assistant City Administrator
Jennifer Gray
City Clerk
Amanda Foster
Director of Finance
Tracy Hansen, CPA
Director of Public Safety
Keith Krumm
Director of Public Works
Denis Knock, PE
Director of Parks & Recreation
Brian Schaffer, CPRP

Fund Structure and Balance

In 2013, the City adopted a fund structure and fund balance policy which serves to define the purpose of each fund and be a guide to maintain a healthy reserve for long-term financial stability. The policy is available on the City's website at www.desperesmo.org.

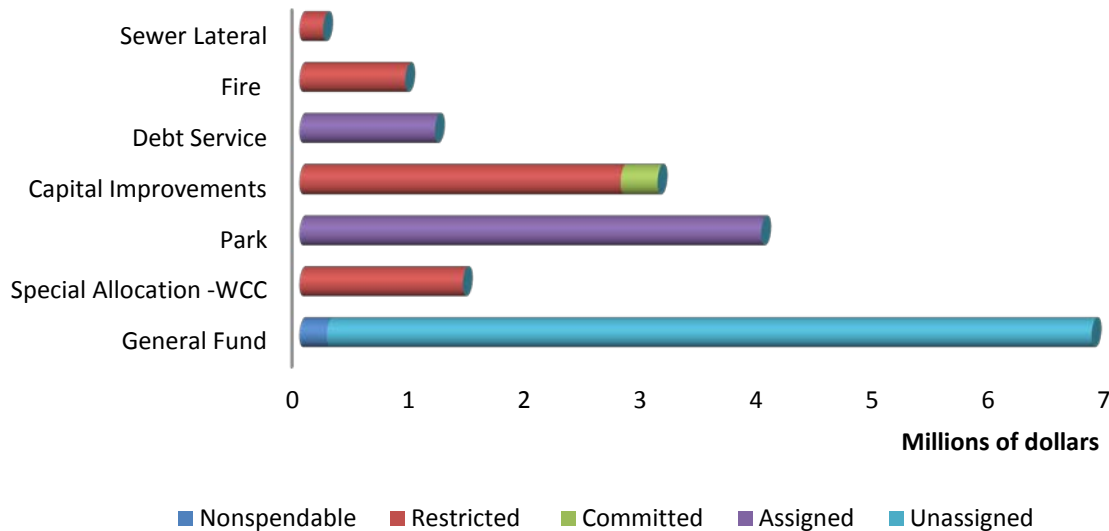
The City has seven (7) fund categories:

- **General Fund** -Funds may be used for any lawful purpose established for cities by statute including but not limited to: operations, capital equipment, and payment of debt.
- **Special Allocation –WCC Fund** –Segregate the revenues generated in the TIF District. These funds are used to pay the bond obligations of the TIF district located at West County Center under the provisions of the redevelopment agreement.
- **Park Fund** –Segregate and track the revenues and expenses associated with operations of The Lodge Des Peres
- **Capital Improvement Fund**- Segregate and track all revenues and expenses for capital equipment and construction projects.
- **Debt Service Fund** –Tracking and payment of all debt issued by the City in the form of bond issues.
- **Fire Fund** – Segregate and track revenues relating to fire or emergency medical services provided by the City.
- **Sewer Lateral Fund** –Segregate and track revenues and expenses relating to the Sewer Lateral repair program.

The City's primary objective in establishing this policy is to maintain a prudent level of financial resources to allow the City to 1) pay its obligations in a timely manner given the difference that can occur between the inflow of revenues and the timing of expenditures; 2) protect against the need to reduce service levels or raise taxes in the short-term in response to temporary revenue shortfalls or unpredicted one-time expenditures; and 3) to position the City to attain and maintain the highest possible credit ratings which are dependant, in part, on the City's maintenance of an adequate fund balance. The Governmental Accounting Standards Board (GASB) has required that fund balances be distinguished in five (5) categories:

- **Unassigned:** Fund balance that is available for any purpose.
- **Assigned:** Fund balance that is intended to be used for specific purposes by the Board of Aldermen.
- **Committed:** Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Alderman.
- **Restricted:** Fund balance that is legally restricted by outside parties or by law through constitutional provisions or enabling legislations.
- **Non-spendable:** Consists of prepaid expenses.

Fund Balance as of December 31,	2013	2012
General Fund	\$6,826,034	\$5,701,887
Special Allocations –WCC	1,407,112	8,066,683
Park	3,978,890	3,527,219
Capital Improvements	3,085,785	2,484,399
Debt Service	1,166,869	269,727
Fire	911,281	950,456
Sewer Lateral	203,443	214,090
Total Fund Balance	\$17,579,414	\$21,214,461



Financial Data

Net Position as of December 31,

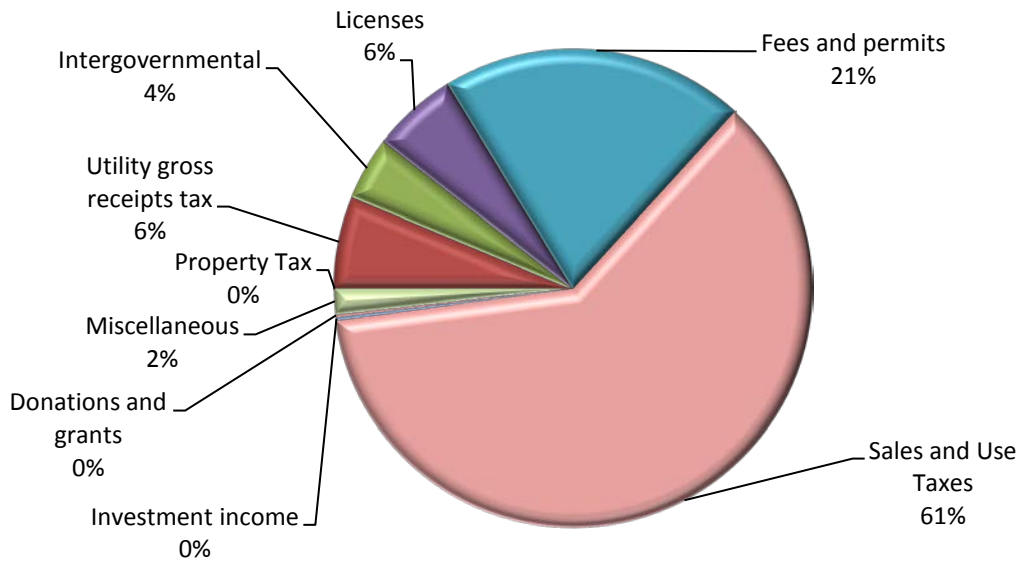
	2013	2012
Assets		
Unrestricted current assets	\$ 19,180,597	22,352,739
Restricted	213,503	607,501
Capital assets	39,838,159	39,766,478
Total Assets	\$ 59,232,259	\$ 62,726,718
Deferred Outflows of Resources		
Deferred charge on refunding	\$ 566,173	225,072
Total Deferred Outflows of Resources	\$ 566,173	\$ 225,072
Liabilities		
Current Liabilities	\$ 1,901,307	1,997,676
Non-current liabilities	10,594,312	18,241,486
Total Liabilities	\$ 12,495,619	\$ 20,239,162
Net Position	\$ 47,302,813	\$ 42,712,628

Financial Activity Statement for Years Ended December 31, 2012 and 2013

All Government Fund Types			
Revenues	2013	2012	
Taxes (Sales and Use)	\$ 12,415,908	\$ 14,481,386	
Utility Gross Receipts Tax	1,270,881	1,182,587	
Intergovernmental	871,589	1,494,942	
Licenses	1,162,291	1,169,840	
Fees and Permits	4,170,087	3,896,103	
Investment Income	50,054	100,961	
Donations and Grants	38,347	27,724	
Miscellaneous	344,394	372,105	
Total Revenue	20,323,551	22,725,648	
Expenditures by Function			
General Government	1,559,517	2,618,577	
Public Safety	5,613,979	5,493,858	
Public Works	468,306	510,521	
Streets	864,933	820,948	
Parks and Recreation	4,292,621	4,187,064	
Health	710,076	689,580	
Capital Outlay	2,054,956	2,931,379	
Debt Service (Principal and interest)	8,426,276	10,626,050	
Bond Issuance Costs	60,299	-	
Total Expenditures	24,050,963	27,877,977	
Other Financing Sources/Uses			
Transfers-In	4,310,315	2,967,250	
Transfers-Out	(4,310,315)	(2,967,250)	
Net Bond Proceeds	35,832		
Sale of Surplus Property	56,533	17,000	
Net Change in Fund Balance	\$ (3,635,047)	\$ (5,135,329)	

Net position increased by \$4,590,185 from prior year. The majority of that net increase was due to retirement of outstanding debt in the amount of \$7,980,000 during 2013. Expenditures exceeded revenues in the Governmental Funds. This was primarily due to the pay off of the remaining \$6,490,000 TIF bonds from the Special Allocation –WCC Fund. Revenues were lower than prior year due to the closure of the TIF District in December 2012 which allowed for payment of 2013 Payments In Lieu of Taxes to go to other taxing jurisdictions. Although the sales tax for the Special Allocation-WCC Fund was no longer received, the General, Park and Fire funds all benefited from the TIF taxes being redirected to those funds. Expenditures for all operating budgets fell within appropriations. Capital outlay was significantly lower in 2013 due to the timing of the Highland bridge project completion in 2012.

Where does the money come from?



Taxes make up the largest revenue source for the city, over 60%. The taxes included in this category are:

- 1.00% Sales Tax
- 0.25% Local Option Tax
- 0.25% Fire Fund Tax
- 0.50% Park Fund Tax
- 0.50% Capital Improvement Fund Tax
- 1.50% Use Tax

Fees and permits are from recreational program fees, ambulance fees, court fines, building and fire permits, Board of Adjustment fees and zoning fees.

Licenses are the fees for merchant, vending and liquor licenses required by the city's code or state law.

Utility gross receipts tax is charged on the gross receipts of all utility companies within the city.

- 5.00% telephone
- 5.00% water
- 4.00% natural gas
- 3.37% electric
- 3.00% cable

Intergovernmental revenues are from federal or state grants and also includes gasoline, cigarette, motor vehicle sales, and county road and bridge taxes.

Miscellaneous revenues consist of refunds, insurance premium reimbursements, forfeited flexible spending funds, sale of surplus property.

Investment income is revenue earned by investing city funds pursuant to the city's investment policy.

Donations and grants are revenue received from donors to sponsor events or plant trees and grants received from organizations to cover project expenses.

Where does the money go?

General Government expenditures cover the Board of Alderman, administration, city clerk, municipal court, finance, information technology and other related / shared administrative type functions.

Public Safety expenditures relate to police protection, fire protection, investigation, dispatch, emergency medical services and administrative functions.

Public Works expenditures relate to building permit administration, code enforcement, and building inspections.

Streets expenditures pay for snow removal, street and sidewalk repair, street sign placement, traffic control, and the administrative costs associated with these tasks.

Parks and recreation expenditures cover all the city parks and The Lodge Des Peres operations. Such expenditures include grass cutting, park maintenance, landscaping, recreational programs, pool maintenance, and the administrative costs associated with these items.

Health expenditures are related to refuse collection provided to residents free of charge.

Capital outlay are the costs of purchasing capital items and the construction or acquisition of buildings or infrastructure (streets, sidewalks, bridges).

Debt service payments include principal and interest debt and the fees associated with that debt.

Bond issuance costs are expenses related to issuing or refinancing a bond issuance.

Outstanding Debt

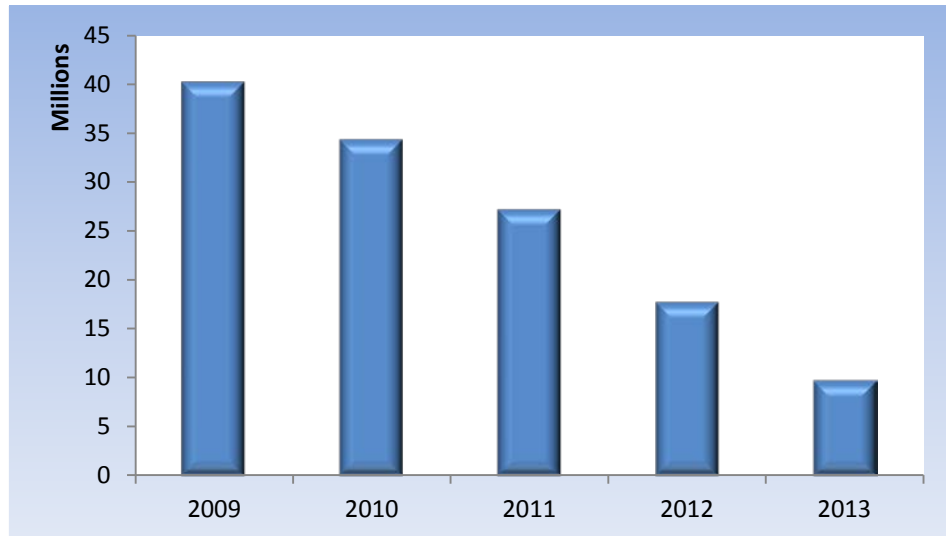
Both the General Obligation (GO) and the Certificates of Participation (COPs) debt were originally issued to finance the construction of The Lodge Des Peres. The COPs were refinanced in 2009 to take advantage of lower interest rates. The GO bonds have also been refinanced multiple times to take advantage of lower interest rates. The first partial refinance was in 2010, and the subsequent refinance of the remaining original issuance was in 2013. All bond issuances are paid out of the Debt Service Fund. In 2013, the City paid down \$1,020,000 in GO bonds and \$470,000 in COPs bonds. The GO bonds have received and maintained a AAA rating from Standard and Poor's rating service.

Standard and Poor's Ratings Services noted the following characteristics of the City of Des Peres when issuing their AAA rating of the City's taxable general obligation bonds, series 2013:

- Strong local economic and tax base characterized by a sizable retail corridor and surrounding affluent residential neighborhoods;
- Very strong-to-extremely strong wealth and income indicators;
- Healthy operations supported by very strong reserves; and
- Low overall net debt burden, measured as a percentage of market value, coupled with very rapid amortization.

The City maintains a Special Allocation Fund for the purpose of accounting for revenues generated in the TIF District. These revenues are used to meet the bond obligations of the TIF. In 2013, the balance of the TIF bonds was fully retired –seven (7) years ahead of the initial amortization schedule.

Compensated absences are the outstanding liability on the City's financial statement for the value of employees' accumulation of vacation time earned. The General Fund and Park Fund are used to liquidate the liability for compensated absences which are typically redeemed during the following fiscal year.



CITY OF DES PERES OUTSTANDING DEBT 12/31/13

GO Bonds, Series 2010	\$3,175,000
GO Bonds, Series 2013	\$5,025,000
COP Bonds, Series 2009	\$1,515,000
Compensated Absences	<u>\$274,289</u>
Total Debt	\$8,990,289

More detail by fund

General Fund			
Revenues		2013	2012
Taxes	\$	5,406,873	\$ 4,507,491
Utility gross receipts tax		1,270,881	1,159,484
Intergovernmental		747,635	700,106
Licenses		1,162,291	1,169,840
Fees and permits		953,680	678,471
Investment income		21,598	38,872
Donations and grants		24,796	14,756
Miscellaneous		194,770	182,517
Total Revenue		9,782,524	8,451,537
Expenditures by Function			
General Government		1,498,742	1,443,083
Public Safety		5,613,979	5,493,858
Public Works		381,570	426,054
Streets		864,933	820,948
Parks and Recreation		674,077	667,294
Health		710,076	689,580
Total Expenditures		9,743,377	9,540,817
Other Financing Sources/Uses			
Transfers-In		1,535,000	1,122,250
Transfers-Out		(450,000)	-
Net Change in Fund Balance	\$	1,124,147	\$ 32,970

Capital Fund			
Revenues		2013	2012
Taxes	\$	2,535,302	\$ 2,155,753
Intergovernmental		123,954	794,836
Investment income		9,444	18,714
Miscellaneous		58,359	92,010
Total Revenue		2,727,059	3,061,313
Capital Expenditures by Function			
General Government		253,632	218,454
Public Safety		222,490	455,642
Public Works		38,344	-
Streets		882,545	1,423,244
Parks and Recreation		657,945	834,039
Total Expenditures		2,054,956	2,931,379
Other Financing Sources/Uses			
Transfers-In		30,000	230,000
Transfers-Out		(157,250)	(105,800)
Sale of surplus property		56,533	17,000
Net Change in Fund Balance	\$	601,386	\$ 271,134

Park Fund			
Revenues		2013	2012
Taxes	\$	2,982,377	\$ 2,361,206
Contracts and Rental		279,946	296,122
Memberships and Daily Adm		1,797,145	1,785,139
Concessions		91,149	100,103
Aquatics		255,926	262,442
Fitness		550,215	538,501
General Recreation		104,366	99,345
Sports		137,661	135,980
Investment income		11,519	30,131
Donations and grants		13,551	12,968
Miscellaneous		176	3,391
Total Revenue		6,224,030	5,625,328
Expenditures by Program			
Operations		1,803,066	1,690,264
Programs		68,028	72,597
Aquatics		131,792	158,308
Fitness		446,063	468,032
Sports		86,411	84,016
Building Operations		1,083,183	1,039,673
Total Expenditures		3,618,544	3,512,891
Other Financing Sources/Uses			
Transfers-In		-	-
Transfers-Out		(2,153,815)	(1,520,700)
Net Change in Fund Balance	\$	451,671	\$ 591,737

Elected Officials

Mayor
Richard Lahr
Alderman

Ward 1

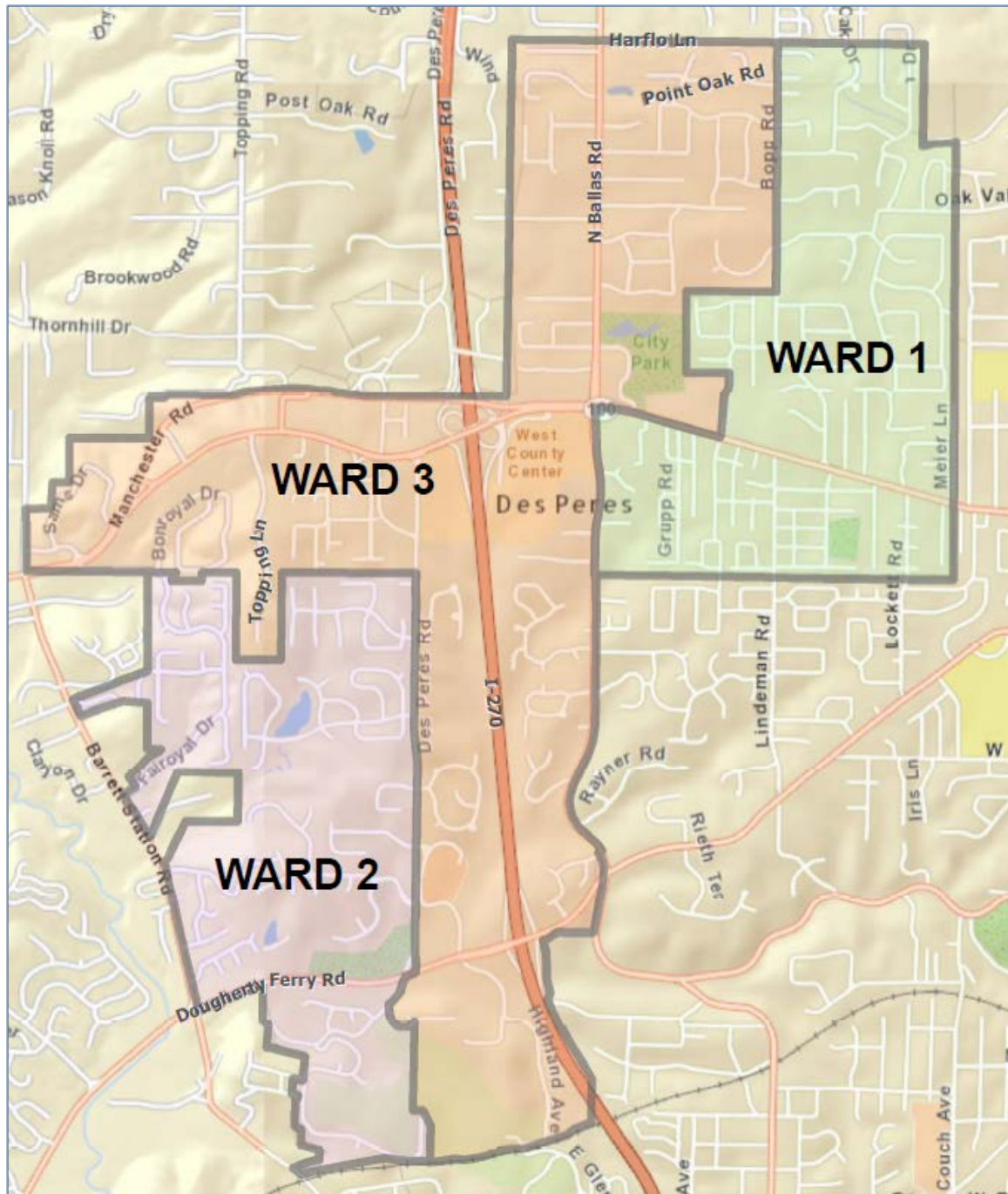
Kathleen Gmelich, John Pound

Ward 2

Jim Kleinschmidt, Paul Raczkiewicz

Ward 3

Mark Becker, Sean Concagh



These maps are for general informational purposes and the City of Des Peres makes no representations or warranties about the accuracy of the information contained herein and assumes no responsibility for the information contained on these maps. The information set forth on these maps are public information that is being made available to the public in this format as a convenience to the public. Users noting error or omissions are encouraged to contact the City of Des Peres, MO administration.