

Popular Annual Financial Report For the fiscal year ended December 31, 2014



The City of Des Peres, Missouri

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, 2014. This report is intended to increase the community's awareness regarding 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 2014 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 19 years. Copies of the 2014 CAFR are available on the City's website at www.desperesmo.org.

The City received the Award for Outstanding Achievement in Popular Financial Reporting from the GFOA for its 2013 PAFR. We believe that our current PAFR continues to meet the requirements for this award and are submitting it to the GFOA to determine its eligibility.

I hope that you find this report informative and I welcome your comments and questions.

Sincerely,



Tracy E. Hansen, CPA
Director of Finance

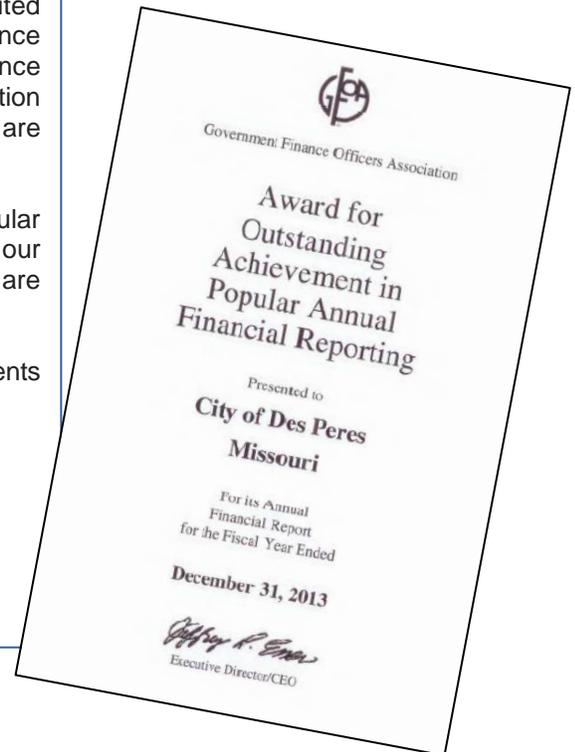
City of Des Peres, Missouri

12325 Manchester Road
Des Peres, MO 63131

Phone: 314-835-6100

Fax: 314-835-6101

www.desperesmo.org



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
part-time: 146

Demographic Data

Population: 8,466
Median household income: \$121,471
Per capita income: \$57,691
Residential households: 3,142
Median value of owner-occupied housing: \$361,400

Source: City records and United States Census Bureau

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
Steve Meyer, PE

Director of Parks & Recreation
Brian Schaffer, CPRP

Fund Structure and Balance

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.

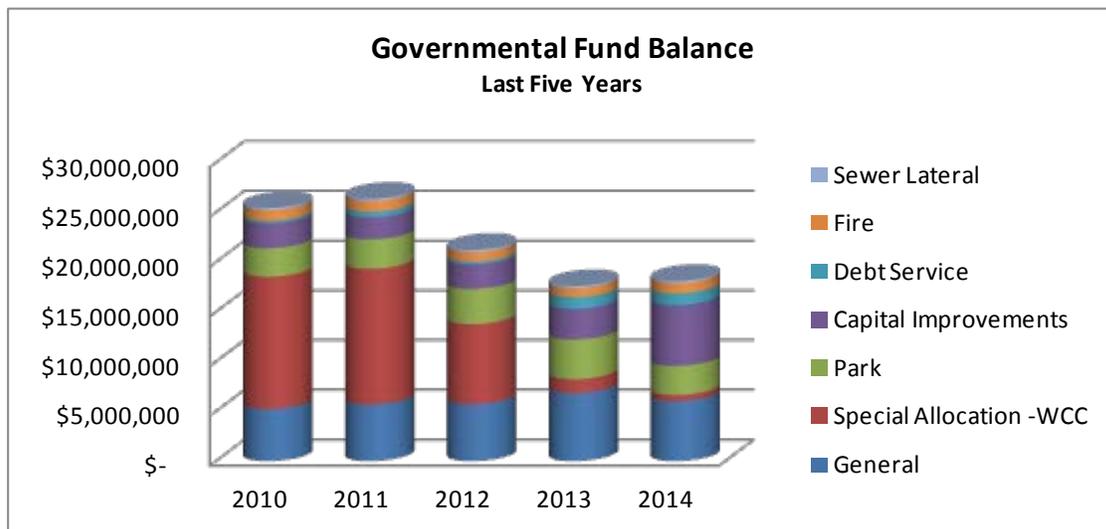
The City has seven (7) funds:

- **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 and other expenditures 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 issuances
- **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 a fund balance 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:

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

Fund Balance as of December 31, 2014								
	General	Special Allocation - WCC	Park	Capital Improvements	Debt Service	Fire	Sewer	Total Governmental Funds
Nonspendable:	\$ 288,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,368
Restricted:	-	625,491	-	3,044,586	-	1,012,677	215,491	\$ 4,898,245
Committed:	-	-	-	3,065,515	-	-	-	\$ 3,065,515
Assigned:	-	-	2,942,159	-	1,179,018	-	-	\$ 4,121,177
Unassigned:	5,714,042	-	-	-	-	-	-	\$ 5,714,042
Total Fund Balances	\$ 6,002,410	\$ 625,491	\$ 2,942,159	\$ 6,110,101	\$ 1,179,018	\$ 1,012,677	\$ 215,491	\$ 18,087,347



Net Position as of December 31,		
	2014	2013
Assets		
Unrestricted current assets	\$ 19,858,640	\$ 19,180,597
Restricted	184,984	213,503
Capital assets, net of depreciation	42,689,703	39,838,159
Total Assets	\$ 62,733,327	\$ 59,232,259
Deferred Outflows of Resources		
Deferred charge on refunding	\$ 492,847	\$ 566,173
Total Deferred Outflows of Resources	\$ 492,847	\$ 566,173
Liabilities		
Current Liabilities	\$ 2,031,522	\$ 1,901,307
Non-current liabilities	8,882,159	10,594,312
Total Liabilities	\$ 10,913,681	\$ 12,495,619
Net Position	\$ 52,312,493	\$ 47,302,813

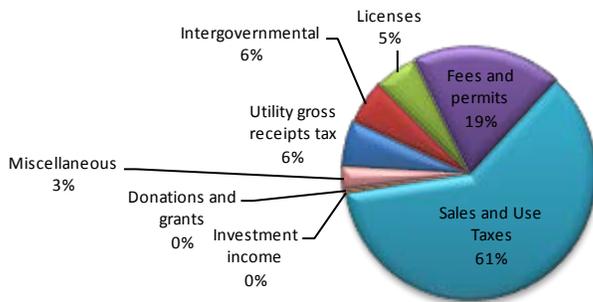
Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The City's net position increased by \$5,009,680 from prior year. A portion of that net increase was due to repayment of outstanding debt in the amount of \$1,530,000 during 2014. The City also made significant capital investments.

Governmental funds are funds that report the City's general operation that are financed mainly by taxes. Revenues exceeded expenditures in the Governmental Funds by \$507,933. Revenues were higher than prior year due primarily to taxes and intergovernmental revenues. Expenditures for all operating budgets fell within appropriations.

Capital outlays were significantly higher due to three major projects: the Claychester Bridge, the West County Center corner project, and the start of the Guaranteed Energy Savings project, which will be ongoing in 2015. The Guaranteed Energy Savings project will bring each of our four municipal buildings up to 2015 energy standards with multiple capital improvements, such as: building insulation, web-based computerized energy control systems, programmable thermostats, HVAC improvements, Chiller, and Pool Pak modifications, as well as comprehensive retrofit of existing interior and exterior lighting with LED bulb technology.

Financial Activity Statement for All Government Fund Types For Years Ended December 31,		
Revenues	2014	2013
Taxes	\$ 12,699,174	\$ 12,415,908
Utility gross receipts tax	1,216,374	1,270,881
Intergovernmental	1,195,705	871,589
Licenses	1,136,497	1,162,291
Fees and permits	3,990,397	4,170,087
Investment income	58,005	50,054
Donations and grants	23,973	38,347
Miscellaneous	584,640	344,394
Total Revenue	20,904,765	20,323,551
Expenditures by Function		
General Government	1,644,231	1,559,517
Public Safety	5,855,058	5,613,979
Public Works	450,859	468,306
Streets	931,735	864,933
Parks and recreation	4,325,463	4,292,621
Health	731,003	710,076
Capital outlay	4,634,250	2,054,956
Debt Service (Principal and interest)	1,830,287	8,426,276
Bond issuance costs	-	60,299
Total Expenditures	20,402,886	24,050,963
Other Financing Sources/Uses		
Transfers-In	6,882,025	4,310,315
Transfer-Out	(6,882,025)	(4,310,315)
Net Bond Proceeds	6,054	35,832
Sale of surplus property	-	56,533
Net Change in Fund Balance	\$ 507,933	\$ (3,635,047)

Where does the money come from?



Licensures are the fees for merchant, vending and liquor licensures 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

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

Taxes make up the largest revenue source for the city. 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.

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

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

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

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.

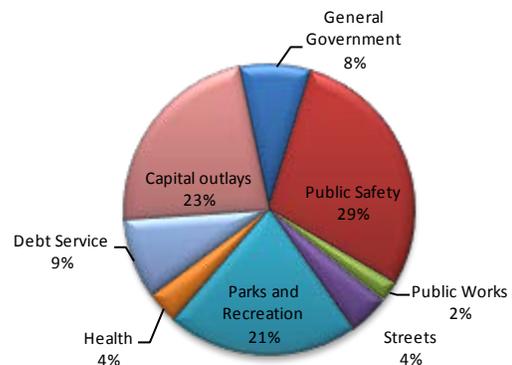
Public Safety expenditures relate to police protection, fire protection, investigation, dispatch, emergency medical services and administrative functions.

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

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

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

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



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

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.

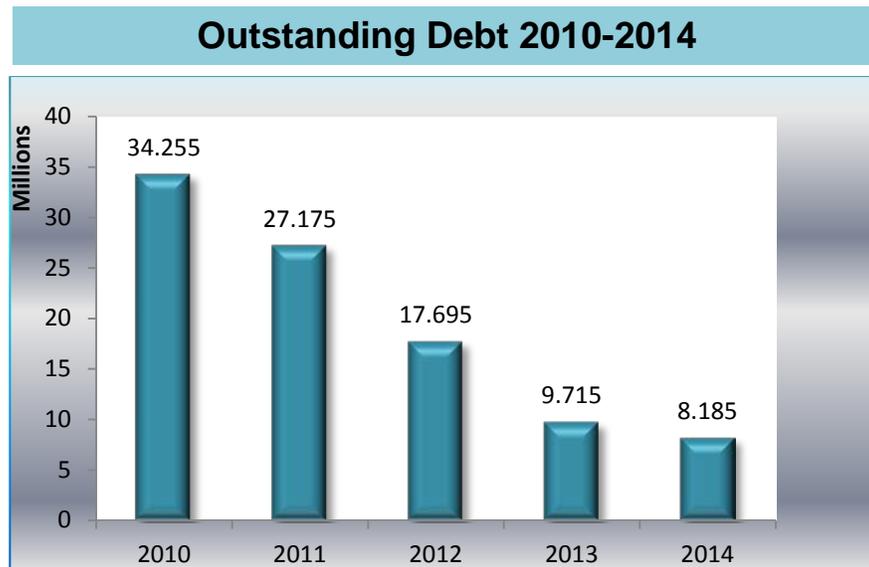
Outstanding Debt

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 2014, the City paid down \$1,040,000 in GO bonds and \$490,000 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 when issuing their AAA rating of the City's taxable GO 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.

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 AS OF DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014
GO Bonds, Series 2010	\$3,175,000	\$ -	\$1,040,000	\$ 2,135,000
GO Bonds, Series 2013	5,025,000	-	-	5,025,000
COPS Bonds, Series 2009	1,515,000	-	490,000	1,025,000
Subtotal	9,715,000	-	1,530,000	8,185,000
Compensated absences	274,289	470,034	526,245	218,078
	\$9,989,289	\$ 470,034	\$2,056,245	\$ 8,403,078

Debt Per Capita* \$ 1,004

* Debt per capita represent total debt divided by 2010 US Census population

Major Initiatives

- For the 20th consecutive year, the City rolled back its property tax used for general operations to zero
- Partnered with ETC Institute to administer a community survey. Results available on the City's website
- Recognition for the 31st consecutive year as Tree City, USA by the Arbor Day Foundation and The National Association of State Foresters

Capital Projects

- Claychester Drive bridge replacement completed. Partially funded by grants received from the U S Government in conjunction with East West Gateway Council of Governments
- Claychester Drive pedestrian bridge completed
- The Lodge Des Peres roof was replaced due to storm damage
- \$3.5 million dollar Guaranteed Energy Savings Contract project began improvements to: building infrastructure, energy efficiency and equipment replacement
- Remodel of Pioneer Park playground and pavilion

Exciting Events

- Hot Summer Nights, Cool Summer Sounds concert series was better than ever, attracting record breaking crowds
- The Lodge hosted several community events including: Baby Sitting 101, The Youth Bike Program, Camp Des Peres, Dance Camp, the Dog Days of Summer, and the Enchanted Ball
- Monster Machine Day and the annual Easter Egg Hunt were held in Des Peres Park

General Fund			
Revenues	2014		2013
Taxes	\$	5,638,890	\$ 5,406,873
Utility gross receipts tax		1,216,374	1,270,881
Intergovernmental		765,872	747,635
Licenses		1,136,497	1,162,291
Fees and permits		841,026	953,680
Investment income		20,260	21,598
Donations and grants		12,773	24,796
Miscellaneous		179,664	194,770
Total Revenue		9,811,356	9,782,524
Expenditures by Function			
General Government		1,644,231	1,498,742
Public Safety		5,855,058	5,613,979
Public Works		385,092	381,570
Streets		931,735	864,933
Parks and recreation		705,561	674,077
Health		731,003	710,076
Total Expenditures		10,252,680	9,743,377
Other Financing Sources/Uses			
Transfers-In		1,402,000	1,535,000
Transfer-Out		(1,784,300)	(450,000)
Net Change in Fund Balance	\$	(823,624)	\$ 1,124,147

Capital Fund			
Revenues	2014		2013
Taxes	\$	2,553,725	\$ 2,535,302
Utility gross receipts tax		429,833	123,954
Investment income		14,474	9,444
Miscellaneous		311,809	58,359
Total Revenue		3,309,841	2,727,059
Capital Expenditures by Function			
General Government		1,190,012	253,632
Public Safety		334,383	222,490
Public Works		11,022	38,344
Streets		1,438,791	882,545
Parks and recreation		953,421	657,945
Total Expenditures		3,927,629	2,054,956
Other Financing Sources/Uses			
Transfers-In		3,643,300	30,000
Transfer-Out		(7,250)	(157,250)
Sale of surplus property		6,054	56,533
Net Change in Fund Balance	\$	3,024,316	\$ 601,386

Park Fund			
Revenues	2014		2013
Taxes	\$	3,004,381	\$ 2,982,377
Contracts and Rental		275,961	279,946
Memberships & Daily Admittance		1,814,930	1,797,145
Concessions		87,341	91,149
Aquatics		262,332	255,926
Fitness		468,368	550,215
General Recreation		107,312	104,366
Sports		133,128	137,661
Investment income		11,842	11,519
Donations and grants		11,200	13,551
Miscellaneous		352	176
Total Revenue		6,177,146	6,224,030
Expenditures by Program			
Operations		1,779,187	1,803,066
Programs		68,812	68,028
Aquatics		126,068	131,792
Fitness		429,725	446,063
Sports		89,731	86,411
Building Operations		1,126,379	1,083,183
Total Expenditures		3,619,902	3,618,544
Other Financing Sources/Uses			
Transfers-In		-	-
Transfer-Out		(3,593,975)	(2,153,815)
Net Change in Fund Balance	\$	(1,036,731)	\$ 451,671

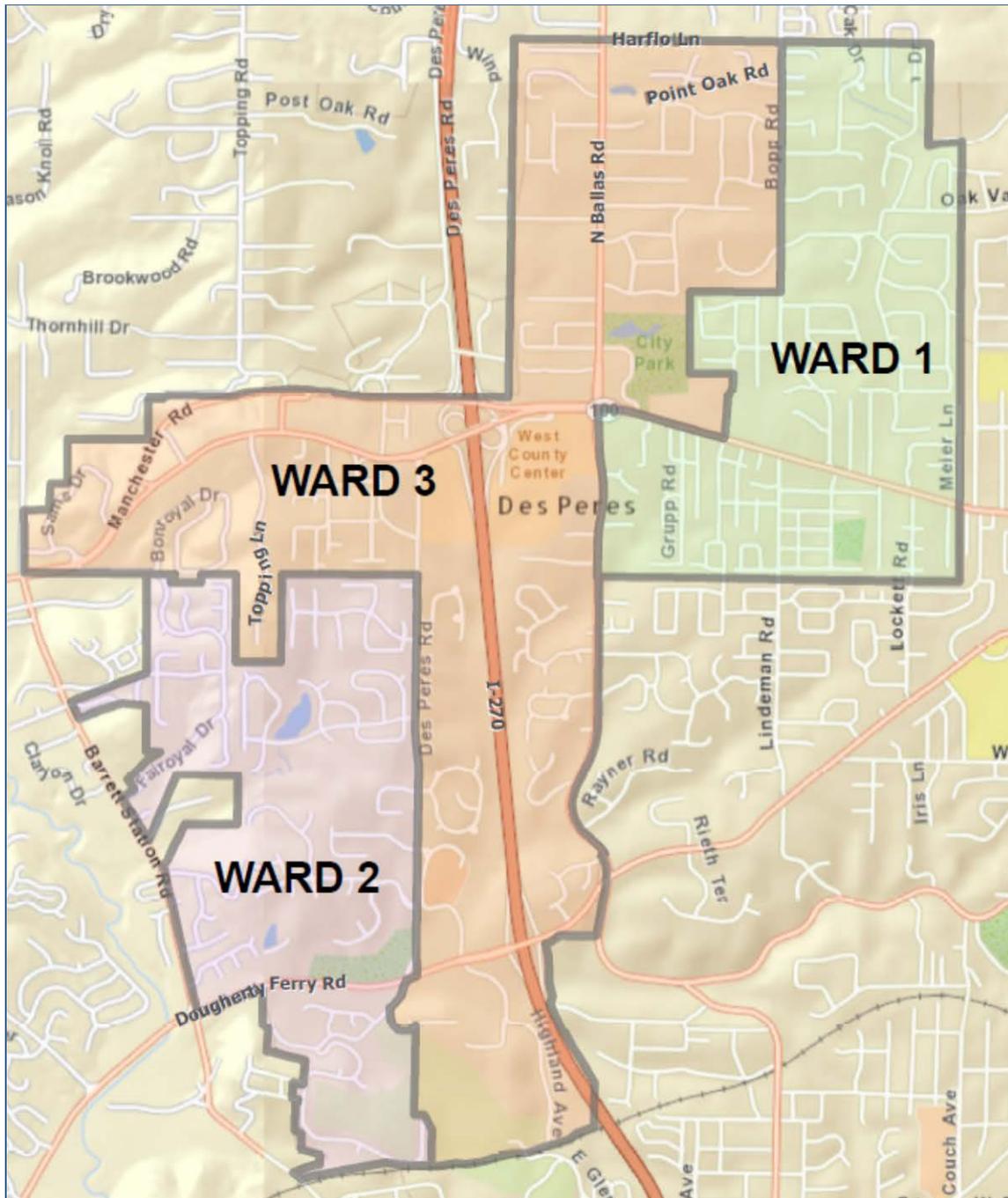
Elected Officials

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.