

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 11, 2018.**

**New Issue - Base CUSIP:** \_\_\_\_\_

**Moody's Rating: Aa2**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax (2) the interest on the Bonds is exempt from income taxation by the State of Missouri and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*

**\$4,000,000\***

**CITY OF ST. PETERS, MISSOURI  
GENERAL OBLIGATION BONDS, SERIES 2018**

**Dated: Date of Original Issuance**

**Due: February 1, in years shown below**

The Bonds will be issued as fully-registered bonds, without coupons, as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "APPENDIX B - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on February 1 and August 1, commencing August 1, 2018. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by BOKF, N.A., St. Louis, Missouri, as paying agent and bond registrar (the "Paying Agent"), directly to such Bondowner in whose name each Bond is registered on the fifteenth day of the month next preceding each interest payment date (the "Record Date"). Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri and an ordinance expected to be adopted by the City on January 25, 2018. The Bonds will constitute valid and legally binding general obligations of the City payable both as to principal and interest from ad valorem taxes to be levied upon all the taxable, tangible property within the territorial limits of the City without limitation as to rate or amount.

**MATURITY SCHEDULE\***

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>
2019	\$150,000	%	%	2029	\$200,000	%	%
2020	150,000			2030	205,000		
2021	160,000			2031	210,000		
2022	160,000			2032	220,000		
2023	165,000			2033	225,000		
2024	170,000			2034	230,000		
2025	180,000			2035	240,000		
2026	180,000			2036	250,000		
2027	190,000			2037	255,000		
2028	195,000			2038	265,000		

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about February 7, 2018.

**This Official Statement is dated \_\_\_\_\_, 2018.**

\* Subject to change as described in the Notice of Bond Sale.

This Preliminary Official Statement and the information contained herein is subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



No dealer, broker, salesman, or other person has been authorized by the City, the Municipal Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Municipal Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Preliminary Official Statement is in a form deemed final by the City for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information to be omitted pursuant to Rule 15c2-12(B)(1).

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## **CITY OF ST. PETERS, MISSOURI**

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### **MAYOR**

Len Pagano

### **ALDERMEN**

Dave Thomas, Ward 1  
Jerry Hollingsworth, Ward 2  
Michael Shea, Ward 3  
Don Aytes, Ward 4

John Reitmeyer, Ward 1  
Judy Bateman, Ward 2  
Terri Violet, Ward 3  
Patrick Barclay, Ward 4

### **CITY ADMINISTRATOR**

Russell W. Batzel

### **DIRECTOR OF FINANCE**

Beth French

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### **COUNSEL TO THE CITY**

Hamilton Weber LLC  
St. Charles, Missouri

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### **BOND COUNSEL**

Gilmore & Bell, P.C.  
St. Louis, Missouri

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### **MUNICIPAL ADVISOR**

WM Financial Strategies  
St. Louis, Missouri

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## SUMMARY STATEMENT

This Summary Statement is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement, which should be reviewed in its entirety by potential investors.

<b>Issuer:</b>	City of St. Peters, Missouri.
<b>Issue:</b>	The Bonds consist of \$4,000,000* of General Obligation Bonds, Series 2018.
<b>Dated Date and Delivery:</b>	The Bonds are dated as of the date of original issuance and delivery, which is expected to be on or about February 7, 2018.
<b>Interest Due:</b>	Interest on the Bonds will be payable on February 1 and August 1, commencing August 1, 2018.
<b>Principal Due:</b>	Principal will be due annually on February 1 in the years and in the amounts shown on the cover page of the Official Statement.
<b>Redemption:</b>	The Bonds maturing on and after February 1, 2026 are subject to redemption and payment prior to maturity at the option of the City on February 1, 2025 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.
<b>Authorization:</b>	The Bonds are authorized pursuant to the Constitution and statutes of the State of Missouri and an ordinance expected to be adopted by the City on January 25, 2018.
<b>Security:</b>	The Bonds are general obligations of the City, and the full faith, credit and resources of the City have been irrevocably pledged to the payment of the principal of and interest of the Bonds. On August 7, 2012, the City approved an additional .4% Parks and Stormwater Sales Tax to an existing .1% Parks and Stormwater Sales Tax. Although the revenues of the Parks and Stormwater Sales Tax are not pledged to the payment of the Bonds, the City currently intends to budget and appropriate such revenues to make debt service payments on the Bonds.
<b>Rating:</b>	The Bonds are rated “Aa2” by Moody’s Investors Service.
<b>Purpose:</b>	Proceeds from the Bonds will be used to finance various stormwater improvements in the City as further described under the caption “THE PROJECT.”
<b>Paying Agent:</b>	BOKF, N.A., St. Louis, Missouri.

\* Subject to change

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**OFFICIAL STATEMENT**  
**Relating to**  
**\$4,000,000\***  
**CITY OF ST. PETERS, MISSOURI**  
**GENERAL OBLIGATION BONDS, SERIES 2018**

**INTRODUCTION**

This Official Statement, including the cover page and the Appendices hereto, is provided by the City of St. Peters, Missouri (the "City") to furnish information in connection with its issuance of \$4,000,000\* principal amount of General Obligation Bonds, Series 2018 (the "Bonds").

The Bonds represent the fifth series of \$40,000,000 of bonds authorized at an election held on August 3, 2010, by a vote of 5,645 in favor of to 1,991 against the issuance of bonds. The use of the bond proceeds is described in greater detail under the caption "THE PROJECT."

The Bonds are general obligations of the City, and the full faith, credit and resources of the City have been irrevocably pledged to the payment of the principal of and interest on the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes which may be levied on all taxable, tangible property within the City, without limitation as to rate or amount. Although the Bonds are general obligations of the City, the City expects to make debt service payments from its .5% Parks and Storm Water Sales Tax. Additional information regarding the City's Parks and Storm Water Sales Tax and other revenues can be found hereinafter under the caption "SOURCES OF REVENUES."

Brief descriptions of the Bonds, the Project, and the City are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance (as defined below) and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance.

**THE BONDS**

**Authority**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 26 of the Missouri Constitution and Chapter 108 of the Missouri Revised Statutes (the "Missouri Revised Statutes") and an ordinance expected to be adopted by the City on January 25, 2018 (the "Bond Ordinance").

**Redemption**

The Bonds maturing on and after February 1, 2026 are subject to redemption and payment prior to maturity at the option of the City on February 1, 2025 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or such other equitable manner as the Paying Agent may determine.

In the event the City elects to exercise its option to redeem Bonds pursuant to the Bond Ordinance, written notice shall be given by first class mail to the State Auditor and the registered owners of the Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date.

## **Security for the Bonds**

The Bonds are general obligations of the City, and the full faith, credit and resources of the City have been irrevocably pledged to the payment of the principal of and interest of the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes which may be levied on all taxable tangible property, real and personal, within the City, without limitation as to rate or amount. Said levy shall be in addition to and exclusive of all other taxes authorized to be levied by the City.

## **Description**

The Bonds will be issued as non-certificated fully-registered bonds, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "APPENDIX B - BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are dated as of the date of original issuance and delivery and will mature on February 1 in each of the years and in the amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on February 1 and August 1, commencing on August 1, 2018.

The principal or redemption price of the Bonds shall be paid at maturity or upon earlier redemption by check or draft to the person in whose name the Bond is registered at the maturity or redemption date thereof upon presentation and surrender of the Bond at the principal corporate trust office of Paying Agent or such other office as the Paying Agent shall designate. The interest payable on the Bonds on any interest payment date shall be paid to the person in whose name the Bond is registered on the registration books maintained by the Paying Agent (the "Bond Register") at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or (b) in the case of an interest payment to (i) the Registered Owner of all Bonds or (ii) any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice given to the Paying Agent not less than 15 days prior to the Record Date for such interest and signed by such Owner, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent, directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in the Official Statement under the caption "APPENDIX B - BOOK-ENTRY ONLY SYSTEM."



## THE CITY

### Government

The City is a fourth-class city. The governing body of the City is the Board of Aldermen, which is comprised of eight aldermen and a mayor. Two aldermen are elected from each of the City's four wards to serve four-year terms.

The Mayor, elected at large to serve a four-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. Additionally, the Mayor has veto power.

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.

City functions are divided among 7 groups: Staff Support Services, Health and Environmental Services, Municipal Police Services, Transportation and Development Services, Parks and Golf Services, Recreation and Cultural Services, and Water Environment Services. These groups are further divided into departments. The Communications Department publishes a newspaper on City business and events, providing voter registration information, and assisting civic and volunteer organizations. In addition, this department operates a cable television channel which airs public service announcements, weather, City and governmental activities, Board of Aldermen meetings and documentaries.

The City has several advisory boards and committees composed of citizens appointed by the Mayor with the advice and consent of the Board of Aldermen. The advisory boards and committees include, among others, Tax Increment Financing Commission, Personnel Review Board, St. Peters Green Team, Senior Advisory Committee, Veterans Memorial Commission, Outpatient Surgical Treatment Center Medical Review Board, and the Parks, Recreation, and Arts Advisory Board. 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, the Board of Adjustment, and the Board of Appeals.

### Employees

The City has approximately 405 full-time and 356 part-time and seasonal employees. None of the City employees are represented by a union.

### Community Services

#### *Communications and Media*

Telecommunication services are provided by AT&T, Verizon and Spectrum. City residents receive all St. Louis television channels and are within listening distance of approximately 60 radio stations. There are two major newspapers circulated in the County: the *St. Peters Journal* and the *St. Louis Post-Dispatch*. Television service is provided by Spectrum, AT&T, Dish Network and Direct TV.

The St. Charles City-County Library District (the “Library”) operates its main library in the City. This special service district is governed by a board of trustees and operated with a separate tax levy. In 2012, the main library was replaced with a new two-story 54,700 square foot facility that includes 13 meeting rooms, computer access and a reading room. The Library has over 800,000 books, 60,000 audios, 53,000 videos and DVDs, and 200 on-line electronic resources.

#### *Fire Protection*

Fire protection is provided by fire protection districts that are independent of the City, with each district having its own elected or appointed officials, budgets, and powers of taxation. The majority of the City and surrounding unincorporated areas are served by Central County Fire & Rescue District that was formed through a 1998 consolidation of the St. Peters Fire Protection District and the St. Charles Fire Protection District. A small portion of St. Peters is served by the Cottleville Fire Protection District.

#### *Police Protection*

Municipal Police Services, a department of the City, has 86 full-time officers and 5 full-time rangers and provides police protection throughout the corporate limits of the City. The Municipal Police Services sponsors several community service programs including the D.A.R.E. drug program, Neighborhood Watch, crime prevention in the workplace, personal safety and robbery training and other programs designed to reduce crime. This department also has a Citizen’s Police Academy and a Junior Citizen’s Police Academy.

#### *Recreation Activities*

The City owns and operates 21 parks covering approximately 1,284 acres and an 18-hole municipal golf course. Facilities available at City parks include numerous ball fields, tennis courts, 1 outdoor swimming pool, hiking trails, playground equipment and picnicking facilities.

The City owns a 124,000 square foot recreation complex known as the Rec-Plex. The Rec-Plex includes:

- An Olympic-sized natatorium, which is a competition-style swimming and diving pool built to Olympic standards with a separate leisure pool,
- A National Hockey League regulation size indoor ice rink,
- A gymnasium and an elevated running track,
- Rooms for weight training, dance/aerobics, and other leisure activities, and
- A food court with an observatory.

Adjacent to Rec-Plex is Rec-Plex South. Rec-Plex South was constructed in 2006 and houses two ice sheets, a double gymnasium, a multi-purpose room/gymnasium, a concession facility and locker rooms.

In connection with the construction of a levee for the St. Peters Route 370 Redevelopment Area, the City constructed a 140-acre lake within a 300-acre park. The park includes the City’s largest pavilion with seating for 300 people, hiking and biking trails, and facilities for camping, boating and fishing, a dog park and an archery range.

The City also operates a cultural arts center within City Hall that attracts visitors from throughout the St. Louis metropolitan area. In addition to monthly exhibits, the center conducts a variety of visual and performing art classes available to residents throughout the County. The center

contains numerous dual purpose classrooms and gallery spaces designed for monthly exhibitions, special performances, workshops and meetings. The center contains an auditorium that hosts plays and musical performances. The center hosts thematic competition art shows for local artists and ongoing classes in painting, clay, and drawing.

The City has a Senior Center that offers lunch Monday through Friday in a large dining room and also has a fitness center with workout equipment, computer stations, a small library, an activity room and a billiards room.

#### *Solid Waste Collection*

The State of Missouri Solid Waste Management Law requires cities with a population over 500 to develop, adopt and implement a solid waste management plan to ensure that all solid wastes in a community are stored, collected, transported and disposed of properly. The City began solid waste collection in November 1990 and presently serves approximately 19,421 single family residential customers, including approximately 1,439 customers outside the City limits including collections for the City of Cottleville. During the 1999 Fiscal Year, the City began multi-family collection and competes with private haulers for commercial customers.

The City owns a materials recycling facility. City residents are encouraged to participate in recycling by separating regular wastes from items that are recyclable. Recyclables are collected at curbside and are then separated into salable commodities at the recycling facility. The City also collects specific recyclable commodities (such as cardboard) that can be sold directly to various recycling companies.

#### *Medical*

Within the City is the Barnes-Jewish St. Peters Hospital (the "Hospital"). Facilities at the Hospital include, among others, a medical/surgical unit, an emergency department, an intensive care unit, a cardiopulmonary department, a physical medicine department, a radiology department, a full service laboratory, a stress and chemical dependency unit and a cancer center. The Hospital recently completed a phased expansion that increased the number of beds (now 127) and added an 18,000 square foot medical office building to the campus. In 2017, the Hospital completed an expansion of the cancer center that nearly doubled the size to 37,000 square feet. In addition to the Hospital, numerous dentists, chiropractors and doctors provide medical services from offices and clinics located in the City. The health care needs of the elderly are provided by several long-term care facilities located in the City.

Emergency medical transport services are provided by the St. Charles County Ambulance District, based in St. Peters. The District is a tax-supported governmental body.

#### *Education*

Primary and secondary education within the City are provided by three public school districts: Fort Zumwalt, Francis Howell and St. Charles. The districts own and operate 32 elementary schools, 11 middle schools and 10 senior high schools. There are also several private schools serving grades K-12 in easy commuting distance of the City.

Higher education is provided by the St. Charles Community College, located in Cottleville adjacent to the City, and by Lindenwood University, located in the County approximately 7 miles from the City. In addition, numerous institutions of higher education located in the St. Louis metropolitan area are easily accessible to City residents including Saint Louis University, Washington University and the University of Missouri-St. Louis.

## Economic and Demographic Data

### *Transportation*

The City is traversed by Interstate 70 which provides direct access to St. Louis, approximately 20 miles east of the City, and to Kansas City, approximately 220 miles west of the City. Routes 370 and 364 provide direct access to St. Louis County and Interstate 270 from the North and South sides of the City, respectively.

Regularly scheduled air passenger and freight service is available at Lambert-St. Louis International Airport located approximately 12 miles east of the City on Interstate 70. Commercial air service is available at Smartt Field Airport, a public airport operated by the County. Barge service is available on the Mississippi River located approximately 5 miles from St. Peters. The City is served by two railroads: The Norfolk & Southern and the Burlington-Northern, and three common-carrier truck lines.

### *Population*

Since 1980, the City's population has more than tripled. The following table sets forth population statistics for the City:

<u>Year</u>	<u>Population</u>
1970	486
1980	15,700
1990	42,747
2000	51,381
2010	52,575
2016	57,289

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*Source: Official Census Counts of the United States Department of Commerce, Bureau of Census except for 2016, which is an unofficial estimate of the Bureau of Census.*

## **Economy**

The City's diversified economy and commercial growth is attributable to its transportation network, central location in the United States, and expanding resources of labor and materials. Residential growth has been considerable as an outgrowth of expanded employment opportunities in the area. At the same time, the City continues to grow as a suburban community.

The City currently has more than 2,500 business establishments. There are several major shopping corridors in St. Peters and the City serves as a shopping hub to surrounding communities located throughout the County. The City's retail service area encompasses an estimated 30-mile radius with a population of approximately 360,000 in the 10-mile radius immediately surrounding the City.

The largest shopping center in the City, Mid Rivers Mall (the "Mall"), is also the largest shopping center in the County. The Mall opened in 1987. The Mall contains approximately 1,000,000 square feet with approximately 120 stores including the following anchors: J.C. Penney, Sears, Macy's and Dillards.

A 245,000 square foot retail development on 25 acres near I-70 and the Mid Rivers Mall Drive is nearly complete. Other major retailers in the City include Costco, Menards, Great Central Lumber, two Walmart Markets, and a Walmart among others.

### *Major Employers*

The following table sets forth information regarding the largest employers located within the City, based on the number of full-time or full-time equivalent employees:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Fort Zumwalt School District R-II	Education	991
Barnes-Jewish St. Peters Hospital	Health Care	970
City of St. Peters	Government	573
Francis Howell School District R-III	Education	347
Alpla Inc.	Plastic Packaging	218
Wal-Mart	Retail Sales	210
Boone Center Inc.	Packaging Business for Disabled	210
Seyer Industries Inc.	Components for Aerospace & Maritime Industries	202
RB Manufacturing	Air Fresheners & Chemicals	200
St. Charles County Ambulance District	Ambulance Services	180

*Source: City's 2016 Comprehensive Annual Financial Report and other sources believed to be reliable.*

### *Employment*

According to the United States Bureau of Census, 2011-2015 American Community Survey 5-Year Estimates, the City's civilian labor force was 32,470. The total number of people that were unemployed was 1,781 which was an unemployment rate of 5.5%.

### *Building and Construction Data*

The following table sets forth the number of units and value of building permits issued by the City for the fiscal years ended September 30, 2013 through 2017:

<u>Fiscal Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total Value<sup>(1)</sup></u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2013	526	\$70,304,798	11	\$15,211,039	\$ 85,515,837
2014	274	90,142,303	13	17,543,967	107,686,270
2015	176	47,800,120	15	37,933,869	85,733,989
2016	115	30,399,329	12	47,714,602	78,113,931
2017	23	5,954,189	25	90,524,202	96,478,391

(1) Excludes tenant finishes and permits for miscellaneous purposes.

*Source: City's Transportation and Development Services Records.*

## *Housing*

The following table sets forth statistics relating to housing for the City and, for comparative purposes, the County, St. Louis MSA, and the State of Missouri:

	<u>Median Value of Owner Occupied Housing</u>	<u>% Units Built in 2000 or Later</u>	<u>% Units Built Before 1940</u>
The City	\$167,400	17.5%	0.9%
Other Entities:			
St. Charles County	188,200	28.7	2.8
St. Louis MSA	157,100	13.3	16.7
State of Missouri	138,400	15.6	14.1

*Source: US Bureau of Census, 2011-2015 American Community Survey 5-Year Estimates.*

## **Income**

The following table sets forth certain income statistics for the City and, for comparative purposes, the County, St. Louis MSA, and the State of Missouri:

	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>% People Below Poverty Level</u>
The City	\$33,308	\$86,372	3.8%
Other Entities:			
St. Charles County	32,946	85,806	6.3
St. Louis MSA	30,327	70,718	13.1
State of Missouri	26,259	60,809	15.6

*Source: US Bureau of Census, 2011-2015 American Community Survey 5-Year Estimates.*

## **THE CITY'S FINANCES**

### **Accounting and Reporting Practices**

Each year since 1992 (Fiscal Year ending September 30, 1991), the City has been awarded the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the content of which must conform to GFOA's program standards. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

The accounts of the City are organized on the basis of funds and account groups, in conformance with generally accepted accounting principles applicable to governments. Government-wide financial statements reflect the accrual basis of accounting, governmental funds use the modified accrual basis of accounting and proprietary funds use the accrual basis of accounting.

The City operates on a fiscal year commencing October 1 of each year and ending on September 30 of the following calendar year (the "Fiscal Year").

The Board of Aldermen annually engages an independent certified public accountant for the purpose of performing an audit of the books of account, financial records, and transactions of the City.

## **Investments**

The City has a comprehensive investment policy. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's practice has been to invest in demand deposits, savings accounts, certificates of deposit, obligations of the United States Treasury and repurchase agreements. Most of the City's investments are in instruments that have a maturity of less than one year to insure that surplus funds are available in the event the Board of Aldermen elects to appropriate such monies. All City deposits and investments are insured by federal depository insurance, collateralized or are secured by an irrevocable standby letter of credit issued by a Federal Home Loan Bank. The City's primary investment risk is "Reinvestment Risk." This is the risk that the City's short-term investments may be reinvested at lower yields upon maturity.

## **Budget Process**

The City Administrator prepares an annual budget for the ensuing fiscal year. The budget is based upon information provided by the various City departments and employees. 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 balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following public hearings on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;
- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization, and redemption charges on debt; and
- (5) A general budget summary.

The City Administrator is authorized to transfer part, or all, of any unexpended balance among any departments within a given fund. If it is determined that the original budgeted revenues and expenditures need to be increased or decreased, the Board of Aldermen may, by ordinance, make such changes in budgeted revenues and expenditures so long as the total budgeted expenditures do not exceed the amount of budgeted revenues plus beginning unencumbered fund balance. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the Board of Aldermen may, by ordinance, reduce one or more appropriations.

The following table indicates the City's General Fund revenues, expenditures and changes in fund balance for the fiscal years ended September 30, 2014 through 2016:

**SUMMARY OF GENERAL FUND OPERATIONS**  
**(\$ in thousands)<sup>(1)</sup>**

	Fiscal Year Ended September 30		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
REVENUES			
Sales Taxes	\$13,087	\$13,712	\$14,540
Property Taxes	7,074	7,403	7,328
Utility Franchise Tax	4,390	4,548	4,377
Cigarette Taxes	182	189	183
Licenses and Permits	1,535	1,443	1,396
Interest	1	5	33
Intergovernmental	3,530	3,824	3,902
Fines and Forfeitures	1,802	1,799	1,570
Charges for Services	691	693	678
Miscellaneous	<u>567</u>	<u>506</u>	<u>495</u>
Total Revenues	<u>32,859</u>	<u>34,122</u>	<u>34,502</u>
CURRENT EXPENDITURES			
General Government	2,005	1,846	2,202
Administration	4,124	4,156	4,297
Police	11,964	12,379	11,964
Municipal Court	443	431	430
Public Works	1,918	2,109	2,104
Engineering	2,093	2,182	2,173
Maintenance	347	387	401
Health	618	654	679
Parks and Recreation	4,667	4,893	4,739
Communications	823	921	958
Community and Arts	<u>185</u>	<u>213</u>	<u>188</u>
Total	<u>29,187</u>	<u>30,171</u>	<u>30,135</u>
REVENUES OVER CURRENT EXPENDITURES	3,672	3,951	4,367
OTHER FINANCING SOURCES (USES)			
Capital Outlay	(778)	(695)	(783)
Debt Service	(377)	(376)	(379)
Net Transfers <sup>(2)</sup>	(768)	(1,070)	(947)
Proceeds from Sale of Capital Assets	<u>86</u>	<u>65</u>	<u>94</u>
Total Other Financing Sources (Uses)	<u>(1,837)</u>	<u>(2,076)</u>	<u>(2,015)</u>
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	1,835	1,875	2,352
FUND BALANCE			
Beginning of Year	<u>7,507</u>	<u>9,342</u>	<u>11,217</u>
FUND BALANCE			
End of Year	<u>\$ 9,342</u>	<u>\$11,217</u>	<u>\$13,569</u>



#### Footnotes to Prior Page

- (1) Any variance from the City's audited financial statements is due to rounding.
- (2) Transfers out include amounts for payment of certain general obligation bonds and the transfer of the tourism tax to the Recreation Fund.

*Source: Derived from the City's Comprehensive Financial Reports, September 30, 2014, 2015 and 2016.*

### **Unaudited 2017 Results and 2018 Budget**

The City's 2017 Fiscal Year ended on September 30, 2017. Based on the City's unaudited financial results the City expects the General Fund unassigned ending balance to be comparable or somewhat higher than the unassigned ending balance of \$6,965,803 for the 2016 Fiscal Year (see APPENDIX A, page A-55). In addition, during the 2014 Fiscal Year the City established a "Contingency Reserve" that was initially funded in the amount of \$2,500,000. The City made additional \$500,000 deposits to the Contingency Reserve in each of the subsequent Fiscal Years. As a result, the City's reserves, that are legally available for governmental purposes, equal approximately \$11,000,000 based on unaudited results at the end of the 2017 Fiscal Year.

For the 2018 Fiscal Year, based on the budget and year-to-date results the City has estimated that the General Fund unassigned ending balance will be \$5,000,000. The City budgeted a contribution of \$500,000 to the Contingency Reserve, which should result in an ending fund balance in the Contingency Reserve of \$4,500,000 and is expected to provide legally available funds for governmental purposes equal to approximately \$9,500,000.

### **The Hancock Amendment**

On November 4, 1980, Missouri voters approved an amendment to the Missouri Constitution to limit taxation and governmental spending. The amendment (popularly known as the Hancock Amendment) also limits the rate of increase and the total amount of taxes on property which may be imposed in any year without voter approval. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value. The tax levy on the assessed valuation of new construction is exempt from this limitation.

The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds.

### **Tax Increment Financing**

#### *General*

The City has two Tax Increment Financing (TIF) Areas that were established to provide a funding mechanism to promote and enhance redevelopment of specific areas of the City. Incremental revenues, as described hereinafter, generated within the tax increment financing areas are retained by the City and used for a variety of activities, including demolition and clearance of property and construction of infrastructure improvements as permitted by Missouri statutes.

Pursuant to the Real Property Tax Increment Allocation Act (the "Act"), cities and counties may implement TIF in order to induce the development of an area which has been lacking growth and development and to eliminate conditions which have caused an area to become a conservation or blighted area as such terms are defined in the Act. TIF provides a source of funds by which a city may

pay for redevelopment project costs (as defined by the Act) over a period not longer than twenty-three years from the date in which TIF was adopted.

Pursuant to the Act, a city designates TIF by adopting an ordinance approving a Redevelopment Plan and designating a redevelopment area. The certified total assessed valuation of all real property within the redevelopment area, as determined by the Assessor immediately following passage of the ordinance designating the redevelopment area, is considered the initial equalized assessed valuation. By statute, taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the redevelopment area upon any increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in a special allocation fund for the redevelopment area. Such incremental taxes are referred to as "Payments in Lieu of Taxes."

In addition, fifty percent (50%) of the total additional revenue from taxes which are imposed by a city or other taxing district and which are generated by economic activities in the redevelopment area over the base amount (the amount in the calendar year prior to adoption of the TIF) of such taxes generated by economic activities within the redevelopment area ("EATS") are deposited in the special allocation fund. Monies in the special allocation fund may be used for payment of redevelopment project costs or for payment of principal and interest on obligations issued to finance such costs. (Payments in Lieu of Taxes together with EATS are referred to collectively herein as "Incremental Revenues.")

The following is a summary of each TIF area within the City:

*Description of Redevelopment Areas in St. Peters*

St. Peters Route 370 Redevelopment Area. In 1999, the City adopted a Tax Increment Financing Plan (the "Redevelopment Plan"), and pursuant to the Act, designated, by ordinance, a 1,600-acre redevelopment area (the "St. Peters Route 370 Redevelopment Area"). The area was declared a blighted area under the Act having met various criteria. A significant cause for the Area being declared blighted is that the area is in a flood plain. The Redevelopment Plan authorized the City to issue up to \$70,000,000 of securities for which incremental TIF revenues could be used for payment of debt service. In furtherance of the objectives of the Redevelopment Plan, the City obtained voter approval to issue \$35,000,000 of general obligation bonds for the purpose of acquiring land to be protected by, and for the construction of, a levee. During the 2000 Fiscal Year, the City sold \$10,000,000 of general obligation bonds principally to acquire property in the Area and during the 2002 Fiscal Year the City sold bonds principally for engineering costs in connection with designing the levee. In 2004, the City issued general obligation bonds to refund the bonds issued during the 2000 Fiscal Year. During the 2005 Fiscal Year, the City sold \$22,500,000 of general obligation bonds to finance the cost of constructing the levee that were subsequently defeased. During the 2006 Fiscal Year, the City sold the land pursuant to a certain Joint Development Agreement, as amended, (the "Development Agreement") with Kaplan Development and Investment Co. its successors and assigns, Lakeside 370, LLC (a company affiliated with Duke Realty Corporation and Gundaker Commercial Group) (the "Developer"), for \$49,600,000 in three installments. In addition, under the Development Agreement, as amended, the City agreed to issue up to \$17,500,000 of notes to be acquired by the Developer and used for infrastructure improvements including roads and utilities. The notes are to be repaid solely from annually appropriated City funds described in the Development Agreement and generally consisting of 50% of the City's incremental property tax and 50% of its incremental sales taxes derived from the St. Peters Route 370 Redevelopment Area. Pursuant to the Development Agreement the area may include facilities for 5,000,000 square feet for industrial buildings. In addition, the Development Agreement provides for the construction of 3,700,000 square feet for offices and dining/entertainment, retail, hotel/conference, and cultural and recreational facilities.

The Developer's original projections estimated construction of approximately 5,000,000 square feet of industrial buildings and construction of approximately 4,000,000 square feet of office buildings, flex service buildings, and dining/entertainment, retail, and hotel/conference facilities.

Actual development has been slow to materialize as the result of nation-wide economic downturn. In addition, 376 acres of land controlled by Gundaker Commercial was sold at public auction to the St. Peters 370 Levee District, a political subdivision. The St. Peters 370 Levee District recently restructured its debt under Chapter 9 Bankruptcy. Recently completed in the area controlled by Duke Realty Corporation, is a 715,000 square-foot building leased to Reckitt & Benckiser for warehousing, custom manufacturing and repackaging operations. Recently completed facilities include a 70,000 square foot cross-dock logistics terminal for Saia LTL Freight, a 250,000 square foot distribution warehouse for Best Buy and a 300,000 square foot speculative building, built by Duke Realty Corporation, for use as a warehouse.

The initial assessed valuation of the St. Peters Route 370 Redevelopment Area is \$148,190 and the 2016 incremental value was \$2,180,519.

Old Town Levee Redevelopment Area. In 1996, the City adopted a Tax Increment Financing Plan, and pursuant to the Act, designated, by ordinance, a 725-acre redevelopment area (the “Old Town Levee Redevelopment Area”). The initial assessed valuation of the area was \$4,205,440 and the 2017 incremental assessed valuation was \$12,219,996. The City may issue up to \$8,330,000 of bonds to finance various public improvements including the construction of a 500-year levee. It is the intent of the City that any bonds issued for this project would be supported solely by Incremental Revenues and the issuance of bonds is contingent upon the City’s ability to attract private development in the Redevelopment Area. The Old Town Levee Redevelopment Area will terminate in May 2019.

## SOURCES OF REVENUE

### General Fund Revenue Sources

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of general fund revenues for the 2016 Fiscal Year:

<u>Revenue Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
Sales Tax	\$14,539,609	42.14%
Property Tax	7,327,772	21.24
Utility Franchise Tax	4,376,655	12.68
Cigarette Tax	183,218	0.53
Licenses and Permits	1,396,294	4.05
Interest	33,152	0.10
Intergovernmental	3,901,676	11.31
Fines and Forfeitures	1,569,621	4.55
Charges for Services	678,140	1.97
Other Revenues	495,271	1.43
	<u>\$34,501,408</u>	<u>100.00%</u>

*Source: Audited financial statements of the City.*

The following is a summary of some of the more significant revenue sources of the City.

#### *Property Taxes*

Property taxes are levied against the following classifications of property: real property; personal property; railroads; and utilities. For the 2016 Fiscal Year, property taxes represented approximately 21.24% of total general fund revenue. For a more detailed description of property taxes, see the caption “TAXATION” in the Official Statement.

#### *Sales Taxes*

A 1% City sales tax for general revenue was authorized by the State Legislature and was imposed following a favorable vote at an election held in 1974. For the 2016 Fiscal Year, the sales tax for general revenue represented approximately 42.14% of general fund revenues.

The following table sets forth the general sales tax receipts of the City, other than amounts allocated to Tax Increment Financing (see the caption “FINANCIAL MATTERS – Tax Increment Financing” in the Official Statement) for the fiscal years ended September 30, 2012 through 2016:

<u>Year</u>	<u>Revenue</u>
2012	\$12,266,784
2013	12,600,822
2014	13,087,001
2015	13,711,848
2016	14,539,609

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*Source: Figures derived from audited financial statement of the City.*

#### *Utility Franchise*

For the 2016 Fiscal Year, the utility franchise tax accounted for approximately 12.68% of general fund revenue. The utility franchise tax is a charge on gross receipts of electric, gas, and cable companies at the rate of 5%.

#### *Intergovernmental Revenue*

Intergovernmental revenue includes grants, aid, revenue sharing, and other entitlements from Federal and State government. Annually recurring intergovernmental revenue consists primarily of road and bridge taxes from St. Charles County, Missouri, motor vehicle fuel tax and Missouri motor vehicle sales tax. For the 2016 Fiscal Year, intergovernmental revenue accounted for approximately 11.31% of general fund revenue.

## Other Sales Taxes

### *Transportation Sales Tax*

A .5% sales tax for transportation was authorized in 1982. The transportation sales tax is accounted for in the City's Transportation Trust Fund (a Special Revenue Fund) and is restricted in use to construction, reconstruction, repair, and maintenance of streets, roads and bridges. The following table sets forth the transportation sales tax receipts of the City, other than amounts allocated to Tax Increment Financing (see the caption "FINANCIAL MATTERS – Tax Increment Financing" in the Official Statement) for the fiscal years ended September 30, 2012 through 2016:

<u>Year</u>	<u>Revenue</u>
2012	\$6,133,395
2013	6,300,412
2014	6,543,499
2015	6,855,926
2016	7,269,803

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*Source: Figures derived from audited financial statements of the City.*

### *Park and Stormwater Sales Tax*

The Park and Stormwater Sales Tax is a .5% sales tax for parks and stormwater projects. City voters approved a .1% Park and Stormwater Sales Tax in November 2000 and approved an additional .4% Park and Stormwater Sales Tax on August 7, 2012 with collections beginning in January 2013. The tax may be used solely in connection with parks and stormwater projects. The City's intent is to first allocate the Park and Stormwater Sales Tax to payment of debt service on the City's Refunding Certificates of Participation, Series 2010C, the Bonds, the General Obligation Bonds, Series 2016, the General Obligation Bonds, Series 2014, the General Obligation Bonds, Series 2012 and the General Obligation Bonds, Series 2010B Bonds from this tax.

The following table sets forth the Park and Stormwater Sales Tax receipts of the City for the past five fiscal years:

<u>Year</u>	<u>Revenue<sup>(1)</sup></u>
2012	\$1,213,515
2013	4,420,066
2014	6,487,198
2015	6,784,761
2016	7,203,975

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(1) The increase from the 2012 Fiscal Year is primarily attributable to the passage of the additional .4% rate.

*Source: Figures derived from audited financial statements of the City.*

## Recreational Facilities Revenue

The City obtains significant revenues from the operation of recreation facilities that are accounted for in the Recreation Fund. Revenues include annual membership fees, daily admissions, swimming pool rental and programming revenue, ice rink rental and programming revenue, gymnasium and fitness programs, and concessions. As a result of the construction of Rec-Plex South, the City's goal was to reach between 3,500 to 4,000 Rec-Plex memberships. Memberships totaled 2,100 when the Rec-Plex South was opened in the fall of 2007 and have increased to approximately 2,895 as of September 30, 2017.

## TAXATION

### Tax Procedures

Not later than September 30 of each year, the Board of Aldermen sets the rate of tax for the City and files the tax rate with the County Registrar's Office by October 1. The County Registrar forwards the tax information to the State Auditor who is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

Real property within the City is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the County Board of Equalization can affect the date on which bills are actually mailed.

Payment of tax on real and personal property is due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County collects fees equal to 1.5% of the taxes collected for this service. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

### Assessed Valuation

Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agricultural, residential or commercial and permitting different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. In 1986, the State Legislature passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

Personal property is generally assessed at 1/3 (33-1/3%) of book value; however, subclasses of tangible personal property are assessed at different percentages. These percentages are as follows: ½% for grain and other agricultural crops in an unmanufactured condition, 12% for livestock, farm machinery and poultry, and 5% for historic motor vehicles.

The following table indicates the assessed valuation, for the past five tax years (which correspond to calendar years), following review by the Board of Equalization and is the assessed valuation used by the City for calculating its tax levy:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
2013	\$ 843,462,435	\$164,687,681	\$1,008,150,116
2014	859,325,166	164,926,725	1,024,251,891
2015	908,932,656	171,476,471	1,080,409,127
2016	968,913,338	181,051,430	1,149,964,768
2017	1,043,396,883	189,028,500	1,232,425,383

*Source: Office of the County Registrar.*

The following table sets forth the estimated market value of taxable property for the 2017 tax year based on the assessment ratios described hereinbefore:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Personal Property	\$ 189,028,500	33.3%	\$ 567,085,500
Residential Property	710,514,718	19.0	3,739,551,147
Commercial Property	332,448,401	32.0	1,038,901,253
Agricultural Property	433,764	12.0	3,614,700
Total Taxable AV	1,232,425,383		5,349,152,600
Incremental Value of TIFs <sup>(1)</sup>	14,400,515	32.0	45,001,609
Total	<u>\$1,246,825,898</u>		<u>\$5,394,154,209</u>

(1) All TIF properties are treated as commercial for purposes of computing market value in the table above.

Source: Assessed Valuations were provided by the office of the County Registrar.

### Tax Rates

The following table sets forth the City's tax rates per \$100 of equalized assessed valuation for the tax years ended December 31, 2013 through 2017:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	\$ .6282	\$ .6282	\$ .6095	\$ .6095	\$ .5892
Debt Service Fund	.1418	.1418	.1605	.1605	.1808
Total	<u>\$.7700</u>	<u>\$.7700</u>	<u>\$.7700</u>	<u>\$.7700</u>	<u>\$.7700</u>

Source: Director of Finance.

### Tax Levies and Collection

#### St. Peters Tax Levies and Collections (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes<sup>(1)</sup></u>		<u>Current &amp; Back Taxes</u>	
		<u>Collected</u>	<u>% Collected</u>	<u>Collected</u>	<u>% Collected</u>
2012	\$7,955	\$7,690	96.67%	\$7,945	98.87%
2013	7,982	7,822	98.00	7,969	99.84
2014	7,851	7,645	97.38	7,834	98.78
2015	8,003	7,914	98.89	7,914	98.89
2016	8,748	8,534	97.55	na	na

(1) Represents amounts collected during a Fiscal Year.

Source: City's 2016 Comprehensive Annual Financial Report.

## Major Taxpayers

The following table sets forth information regarding the top ten taxpayers in the City:

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation<sup>(1)</sup></u>
Airwick Industries Inc.	Reckitt Benckiser	\$17,924,047	1.45%
Mid Rivers Mall LLC	Mid Rivers Mall	17,804,177	1.44
Turnberry Apartments LLC	Apartments	6,894,865	0.56
Menard Inc.	Home Improvement Store	4,810,661	0.39
SSM Properties Inc.	Medical	4,471,019	0.36
Walmart Real Estate Business Trust	Retail Stores	4,257,945	0.35
Jungs Station Association	Apartments	4,079,432	0.33
Grewe Limited Partnership	Strip Retail Stores	3,683,106	0.30
Costco Wholesale Corporation	Retail Box Store	3,616,938	0.29
Bre Knight Sh MO Owner LLC	Apartments	<u>3,324,204</u>	<u>0.27</u>
Totals		<u>\$70,866,394</u>	<u>5.74%</u>

(1) Based on the 2017 tax year real and personal property tax assessment following review by the Board of Equalization and excluding the assessment of property in tax increment redevelopment areas.

Source: Office of the County Assessor.

## DEBT OF THE CITY

### General

Pursuant to the Missouri Constitution, the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes is four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of a city. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system.



## Outstanding Debt\*

The following is a list of the City's outstanding general obligation bonds, excluding payments due on February 1, and including the Bonds:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds, Series 2010	May 1, 2010	\$ 1,295,000
General Obligation Bonds, Series 2010B	November 10, 2010	3,790,000
General Obligation Bonds, Series 2012	November 28, 2012	3,140,000
General Obligation Bonds, Series 2014	September 23, 2014	8,525,000
General Obligation Refunding Bonds, Series 2015	May 6, 2015	6,450,000
General Obligation Refunding Bonds, Series 2016	February 4, 2016	16,000,000
General Obligation Bonds, Series 2016	July 5, 2016	7,725,000
General Obligation Bonds Series 2017	February 1, 2017	11,555,000
General Obligation Bonds, Series 2018	February 7, 2018	4,000,000
		<u>\$62,480,000</u>

## Legal Debt Limit and Debt Margin\*

The following table sets forth the City's legal debt limit and debt margin based on the 2017 assessed valuation following review by the Board of Equalization which is a preliminary assessed valuation. (The amount deemed final for State and local government purposes is the amount certified on December 31 of each year and generally available some time after that date):

	<u>City Purposes Basic Limit</u>	<u>Special Purpose Additional Limit</u>
2017 Assessed Value <sup>(1)</sup>	<u>\$1,246,825,898</u>	<u>\$1,246,825,898</u>
Debt Limit - 10% of Assessed Value	\$124,682,590	\$124,682,590
Less: General Obligation Bonds	<u>62,480,000</u>	<u>—</u>
Legal Debt Margin	<u>\$ 62,202,590</u>	<u>\$124,682,590</u>

(1) Includes the value of property in TIF areas.

## Lease Obligations

The following is a list of the City's outstanding lease obligations as of the date of this Official Statement:

<u>Issue</u>	<u>Issue Date</u>	<u>Outstanding</u>
Certificates of Participation (City of St. Peters, Missouri, Lessee), Series 2010A	May 3, 2010	\$ 80,000
Taxable Certificates of Participation (City of St. Peters, Missouri, Lessee), Series 2010B (Build America Bonds – Direct Pay)	May 3, 2010	6,300,000
Refunding Certificates of Participation (City of St. Peters, Missouri, Lessee), Series 2010C	November 10, 2010	1,005,000
Refunding Certificates of Participation (City of St. Peters, Missouri, Lessee), Series 2013	August 15, 2013	14,340,000
		<u>\$21,725,000</u>

\* Subject to change

The City's lease obligations are secured by annually-appropriated funds and do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from available funds of a governmental body and neither taxes nor a specific source of revenues may be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations would be subject to voter approval.

### **Direct and Overlapping Debt\***

The following table sets forth information relating to the City's direct and overlapping general obligation debt including the Bonds as of the date of this Official Statement:

	Outstanding Bonds <sup>(1)</sup>	Percent Applicable to the City <sup>(2)</sup>	City's Direct and Overlapping Debt
City of St. Peters	\$ 62,480,000	100.00%	\$ 62,480,000
St. Charles County Ambulance District	3,400,000	14.61	496,740
St. Charles Community College	22,935,000	14.69	3,369,152
Central County Fire and Rescue	18,075,000	70.40	12,724,800
School District of the City of St. Charles	59,810,000	6.67	3,989,327
Fort Zumwalt R-II School District	137,356,242	26.81	36,825,208
Francis Howell School District	131,603,000	19.60	25,794,188
	<u>\$435,659,242</u>		<u>\$145,679,415</u>

(1) Lease and loan obligations which are subject to annual appropriation for payment and for which a tax levy cannot be imposed without voter approval are excluded from the above table. The table also excludes Neighborhood Improvement District Bonds that are a general obligation of the issuer but are expected to be paid from special assessments.

(2) Estimate based on 2017 assessed real and personal property following review by the Board of Equalization.

*Source: Bond amounts were provided by the political subdivisions or public records and assessments were provided by the Office of the County Registrar and by the Office of the County Assessor.*

\* Subject to change

## Debt Service Requirements

### *Certificates of Participation*

The following table sets forth the debt service on the City's outstanding Certificates of Participation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>US Treasury Interest Subsidy<sup>(1)</sup></u>	<u>Total Debt Service</u>
2018	\$ 1,670,000	\$ 489,066	\$ (59,291)	\$2,099,775
2019	1,370,000	909,871	(116,434)	2,163,437
2020	1,400,000	852,283	(113,321)	2,138,962
2021	1,450,000	792,490	(105,841)	2,136,649
2022	1,500,000	736,200	(97,864)	2,138,336
2023	1,550,000	674,873	(89,376)	2,135,497
2024	1,600,000	608,393	(80,360)	2,128,033
2025	1,500,000	541,555	(70,884)	1,970,671
2026	1,550,000	475,405	(60,922)	1,964,483
2027	1,615,000	401,818	(49,656)	1,967,162
2028	1,675,000	323,020	(37,953)	1,960,067
2029	1,750,000	239,333	(25,813)	1,963,520
2030	1,825,000	150,433	(13,125)	1,962,308
2031	<u>1,270,000</u>	<u>58,420</u>	<u>—</u>	<u>1,328,420</u>
Total	<u>\$21,725,000</u>	<u>\$7,253,160</u>	<u>\$(920,840)</u>	<u>\$28,057,320</u>

- (1) Represents a 35% U.S. Treasury Interest Subsidy which at the time of issuance was expected to be received in conjunction with the City's Taxable Certificates of Participation (City of St. Peters, Missouri, Lessee), Series 2010B (Build America Bonds – Direct Pay). Under the automatic budget sequestration provisions of the Budget Control Act of 2011, the City's subsidy will be reduced by 6.6% for payments due in the 2018 Fiscal Year. Absent Congressional action, the sequester will continue to October 2024; however, the percentage of the reduction is not known at this time and, consequently, the figures above do not reflect the reduction in subsidy except for payments due in the 2018 Fiscal Year.

As noted hereinbefore, although a specific source of taxes and revenues may not be pledged to make payments on lease obligations, the City intends to pay debt service on its lease obligations from the general fund, Park and Stormwater Sales Tax, the Recreation Fund and the Transportation Sales Tax. The following table sets forth the particular fund or revenue source from which the principal and interest payments set forth in the table above are expected to be paid excluding debt service expected to be paid from a US Treasury Interest Subsidy:

### Allocation of Debt Service on Certificates of Participation

Fiscal Year	General Fund	Park and Stormwater	Recreation Fund	Transportation Fund	Total <sup>(1)</sup>
2018	\$61,380	\$ 147,254	\$1,379,059	\$ 512,082	\$2,099,775
2019	20,720	165,609	1,344,518	632,590	2,163,437
2020	—	166,390	1,347,118	625,454	2,138,962
2021	—	161,770	1,348,318	626,562	2,136,650
2022	—	166,870	1,344,718	626,748	2,138,336
2023	—	166,470	1,343,043	625,984	2,135,497
2024	—	160,813	1,342,980	624,240	2,128,033
2025	—	—	1,344,030	626,641	1,970,671
2026	—	—	1,336,343	628,141	1,964,484
2027	—	—	1,339,943	627,219	1,967,162
2028	—	—	1,334,583	625,484	1,960,067
2029	—	—	1,335,583	627,938	1,963,521
2030	—	—	1,337,933	624,375	1,962,308
2031	—	—	1,328,420	—	1,328,420
Total	<u>\$82,100</u>	<u>\$1,135,176</u>	<u>\$18,806,589</u>	<u>\$8,033,458</u>	<u>\$28,057,323</u>

(1) Annual totals may vary from the table on the prior page due to rounding.

#### *General Obligation Bonds\**

The following table sets forth the debt service requirements on the City's general obligation bonds following the issuance of the Bonds:

Calendar Year	Outstanding Bonds		The Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2018	\$ 1,930,000	\$ 1,470,896		\$ 58,341	\$ 3,459,237
2019	2,440,000	1,590,358	\$ 150,000	118,643	4,299,001
2020	2,505,000	1,523,098	150,000	114,518	4,292,616
2021	2,905,000	1,450,578	160,000	110,255	4,625,833
2022	2,980,000	1,366,351	160,000	105,855	4,612,206
2023	3,065,000	1,281,570	165,000	101,386	4,612,956
2024	3,160,000	1,195,201	170,000	96,780	4,621,981
2025	3,245,000	1,109,686	180,000	91,968	4,626,654
2026	3,335,000	1,019,714	180,000	87,018	4,621,732
2027	3,430,000	927,508	190,000	81,930	4,629,438
2028	3,520,000	832,751	195,000	76,636	4,624,387
2029	3,630,000	730,511	200,000	71,155	4,631,666
2030	3,730,000	624,227	205,000	65,383	4,624,610
2031	3,385,000	513,859	210,000	59,260	4,168,119
2032	3,485,000	415,743	220,000	52,700	4,173,443
2033	3,340,000	312,383	225,000	45,746	3,923,129
2034	3,445,000	211,428	230,000	38,408	3,924,836
2035	2,895,000	106,631	240,000	30,593	3,272,224
2036	1,265,000	44,669	250,000	22,323	1,581,992
2037	790,000	12,838	255,000	13,674	1,071,512
2038	—	—	265,000	4,638	269,638
Total	<u>\$58,480,000</u>	<u>\$16,740,000</u>	<u>\$4,000,000</u>	<u>\$1,447,210</u>	<u>\$80,667,210</u>

\* Subject to change

## Debt Ratios and Related Information<sup>(1)\*</sup>

Population, 2016 .....	57,289
Assessed Value, 2017 (Preliminary) .....	\$1,246,825,898
Estimated Market Value, 2017 .....	\$5,394,154,209
Direct Bonded Debt .....	\$62,480,000
Direct and Overlapping Bonded Debt .....	\$145,679,415
Per Capita 2017 Assessed Valuation .....	\$21,764
Per Capita 2017 Estimated Market Value .....	\$94,157
Per Capita Direct Bonded Debt .....	\$1,091
Per Capita Combined Net Direct and Overlapping Debt .....	\$2,543
Direct Bonded Debt as a Percentage of 2017 Assessed Valuation .....	5.01%
Direct and Overlapping Bonded Debt as a Percentage of 2017 Assessed Valuation .....	11.68%
Direct Bonded Debt as a Percentage of 2017 Estimated Market Value .....	1.16%
Direct and Overlapping Bonded Debt as a Percentage of 2017 Estimated Market Value .....	2.70%

(1) The assessed value and related market value are based on the assessed valuation following review by the Board of Equalization.

## Future General Obligation Bonds and Lease Obligations

The City has an additional \$10,535,000\* of authorized and unissued general obligation bonds for stormwater improvements. The City is planning to issue the bonds in phases over the next ten years.

The City is also considering lease financing in the approximate amount of \$3,000,000 within the next 6 months to finance park improvements.

## THE PROJECT

### Description

The City is required under the Clean Water Act to obtain a National Pollutant Discharge Elimination System (NPDES) Permit related to the City's efforts to control pollution of local streams resulting from stormwater runoff. The City engaged Black & Veatch engineers to study the City watershed and develop a master plan for compliance with the aforementioned Federal regulations and overall stormwater management for the City. The Bonds will fund construction/reconstruction and professional services for projects related to stormwater pollution control, storm water management and creek bank stabilization. All projects to be financed with the proceeds of the Bonds are expected to be completed by January 31, 2021.

\* Subject to change

## Estimated Sources and Uses of Funds\*

The estimated sources and uses of funds are set forth below.

### Sources of Funds

Net Proceeds of the Bonds <sup>(1)</sup>	\$4,000,000
Interest During Construction <sup>(2)</sup>	10,000
Total	<u>\$4,010,000</u>

### Uses of Funds

Project Costs	\$3,957,000
Costs of Issuance	53,000
Total	<u>\$4,010,000</u>

- (1) Represents the principal amount of the Bonds, plus the estimated net original issue premium less the estimated underwriter's discount.
- (2) Based on a two-year construction period and an interest rate of .25%.

## LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "CONTINUING DISCLOSURE UNDERTAKING – Description of Undertaking" and "TAX MATTERS." Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement.

## TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

***Federal and State of Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

\* Subject to change

***Alternative Minimum Tax.*** The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

***Bank Qualification.*** The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the heading “**TAX MATTERS.**”

### **Other Tax Consequences**

***Original Issue Discount.*** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

***Original Issue Premium.*** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

***Sale, Exchange or Retirement of Bonds.*** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **RATING**

Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007 has assigned the Bonds the rating of "Aa2." An explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may adversely affect the market price of the Bonds.

## **MUNICIPAL ADVISOR**

WM Financial Strategies, St. Louis, Missouri (the "Municipal Advisor"), is a registered Municipal Advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor is employed by the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of the Bonds. The Municipal Advisor does not guaranty, warrant or represent the accuracy or completeness of the information contained in this Official Statement.

## **UNDERWRITING**

\_\_\_\_\_ (the "Underwriter") has agreed to purchase the Bonds from the City at a price equal to \$ \_\_\_\_\_. The price is net of the underwriter's discount of \$ \_\_\_\_\_ plus a net original issue premium of \$ \_\_\_\_\_. The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering price and such initial offering price may be changed from time to time.

## **NO LITIGATION CERTIFICATE**

Simultaneously with the delivery of and payment for the Bonds, the Mayor acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending and served, or to his knowledge, threatened in any court (either State or federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of the City of the moneys under the Bond Ordinance, or (iv) the legal existence of the City or the title to office of the present officials of the City.



## CONTINUING DISCLOSURE UNDERTAKING

### Description of Undertaking

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City has agreed to provide the following to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”):

(i) Beginning on or prior to 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ended September 30, 2017, audited financial statements and certain annual financial information and operating data generally consistent with the financial information and operating data contained in this Official Statement under the captions “THE CITY’S FINANCES,” “SOURCES OF REVENUE,” “TAXATION,” and “DEBT OF THE CITY” (excluding “Debt Ratios and Related Information”).

(ii) Notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights of bondholders, if material;
- (4) bond calls, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 570-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security;
- (8) unscheduled draws on debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material.

(iii) timely notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

The City may, from time to time, choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the City, such other event is material with respect to the Bonds, however, the City does not undertake to commit to provide any such notice of the occurrence of any material event except those indicated herein.

The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an “Obligated Person” with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the owners of the Bonds provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City’s obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

### **Prior Compliance**

To the best of the City’s knowledge and belief it has materially complied with its continuing disclosure requirements for the past five years.

All of the City’s bonds that have been outstanding for the past five years were initially rated solely by Moody’s. Some of the City’s current and previously outstanding bonds were insured by a financial guarantor. Moody’s ratings on securities that are guaranteed or “wrapped” by a financial guarantor are generally maintained at a level equal to the higher of the following: the rating of the guarantor (if rated at the investment grade level); or the published underlying rating. Accordingly, in general, the City’s practice has been to discontinue filing event notices relating to a change in rating of the financial guarantor when the rating of the guarantor fell below the City’s published underlying rating and the underlying rating became the published rating.

The City has not filed any event notices for ratings that were assigned to any of its outstanding bonds by any rating agency other than Moody’s since the City is not a party to such ratings and the City did not disclose any ratings, other than ratings assigned by Moody’s, in any primary offering documents.

### **CERTIFICATION OF OFFICIAL STATEMENT**

Simultaneously with the delivery of the Bonds, the City will furnish to the Underwriter a certificate which will state, among other things, that to the best of the knowledge and belief of the official signing such certificate, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the Underwriter of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CITY OF ST. PETERS, MISSOURI

BY: \_\_\_\_\_

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**APPENDIX A**  
**CITY OF ST. PETERS, MISSOURI**  
**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2016**

The financial statements presented within this Appendix have been extracted from the City's comprehensive annual financial report for the year ended September 30, 2016. The report includes supplemental information and the auditor's report which are not included herein. The financial statements of the City are prepared in conformance with generally accepted accounting principles. Copies of the Comprehensive Annual Financial Report, in its entirety, and the City's budget are available from the City at <http://www.stpetersmo.net>.

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**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Natatorium Foundation
<b>Assets:</b>				
Cash and investments	\$ 36,518,523	\$ 7,323,285	\$ 43,841,808	\$ 1,931,695
Receivables (net):				
Taxes	3,869,705	-	3,869,705	-
Services	-	2,602,378	2,602,378	-
Intergovernmental	1,471,005	-	1,471,005	-
Interest	25,781	-	25,781	-
Other	1,101,419	807,244	1,908,663	14
Internal balances	171,489	(171,489)	-	-
Inventory and prepaid items	985,527	124,168	1,109,695	-
Investment in joint venture	-	1,692,683	1,692,683	-
Restricted assets:				
Cash and investments	8,534,176	6,393,436	14,927,612	-
Held by trustees	169,528	-	169,528	-
Long-term receivables	620,931	-	620,931	-
Capital assets:				
Nondepreciable	175,465,332	2,240,679	177,706,011	-
Depreciable	151,207,099	88,017,142	239,224,241	-
<b>Total Assets</b>	<b>380,140,515</b>	<b>109,029,526</b>	<b>489,170,041</b>	<b>1,931,709</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	1,514,971	847,760	2,362,731	-
Deferred amounts related to pensions	11,849,457	4,344,031	16,193,488	-
<b>Total Deferred Outflows of Resources</b>	<b>13,364,428</b>	<b>5,191,791</b>	<b>18,556,219</b>	<b>-</b>
<b>Liabilities:</b>				
Accounts payable	3,858,578	1,367,813	5,226,391	-
Accrued interest	4,015,564	433,332	4,448,896	-
Accrued payroll	531,533	138,194	669,727	-
Unearned revenue	580,890	251,009	831,899	-
Deposits	709,022	277,183	986,205	-
Claims payable	1,101,248	-	1,101,248	-
Other liabilities	-	13,374	13,374	-
Long-term liabilities:				
Due within one year	4,025,750	3,271,771	7,297,521	-
Due in more than one year	69,100,221	44,599,918	113,700,139	-
Due in more than one year - net pension obligation and OPEB	15,826,254	6,332,234	22,158,488	-
<b>Total Liabilities</b>	<b>99,749,060</b>	<b>56,684,828</b>	<b>156,433,888</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Deferred amounts related to pensions	2,154,389	552,861	2,707,250	-
Deferred revenue - contributions	375,000	-	375,000	-
<b>Total Deferred Outflows of Resources</b>	<b>2,529,389</b>	<b>552,861</b>	<b>3,082,250</b>	<b>-</b>

**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2016**

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Natatorium
				Foundation
<b>Net Position:</b>				
Net investment in capital assets	264,195,696	46,625,435	310,821,131	-
Restricted for:				
Transportation	6,547,721	-	6,547,721	-
Sewer lateral projects	772,501	-	772,501	-
Water line repair projects	192,280	-	192,280	-
Special allocation projects	2,802,721	-	2,802,721	-
Grants	764,961	-	764,961	-
Debt service	1,878,130	2,053,499	3,931,629	-
Local parks and stormwater	4,909,948	-	4,909,948	-
Police services	315,869	-	315,869	-
Unrestricted	8,846,667	8,304,694	17,151,361	1,931,709
<b>Total Net Position</b>	<b>\$ 291,226,494</b>	<b>\$ 56,983,628</b>	<b>\$ 348,210,122</b>	<b>\$ 1,931,709</b>



# CITY OF ST. PETERS, MISSOURI

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit	
<b>Governmental Activities:</b>									
General government	\$ 4,523,861	\$ 1,643,744	\$ 253,900	\$ -	\$ (2,626,217)	\$ -	\$ (2,626,217)	\$ -	
Administration	4,770,710	-	-	-	(4,770,710)	-	(4,770,710)	-	
Police	14,710,038	1,815,473	1,506,321	109,381	(11,278,863)	-	(11,278,863)	-	
Municipal court	457,861	-	-	-	(457,861)	-	(457,861)	-	
Public works	16,658,928	791,291	1,863,574	4,436,941	(9,567,122)	-	(9,567,122)	-	
Engineering	2,399,379	-	-	-	(2,399,379)	-	(2,399,379)	-	
Maintenance	490,325	-	-	-	(490,325)	-	(490,325)	-	
Health	881,765	13,999	-	-	(867,766)	-	(867,766)	-	
Parks and recreation	6,499,501	21,892	184,600	377,839	(5,915,170)	-	(5,915,170)	-	
Communications	1,068,164	-	-	-	(1,068,164)	-	(1,068,164)	-	
Community and arts	240,416	254,343	13,247	-	27,174	-	27,174	-	
Interest on long-term debt and other	3,153,241	-	-	-	(3,153,241)	-	(3,153,241)	-	
	<u>55,854,189</u>	<u>4,540,742</u>	<u>3,821,642</u>	<u>4,924,161</u>	<u>(42,567,644)</u>	-	<u>(42,567,644)</u>	-	
<b>Business-Type Activities:</b>									
Waterworks/sanitary sewer	12,776,435	11,408,181	-	111,679	-	(1,256,575)	(1,256,575)	-	
Solid waste	5,745,911	5,958,007	-	-	-	212,096	212,096	-	
Central materials processing facility	4,257,057	4,297,226	-	-	-	40,169	40,169	-	
Recreation	8,925,693	6,677,948	-	-	-	(2,247,745)	(2,247,745)	-	
	<u>31,705,096</u>	<u>28,341,362</u>	-	<u>111,679</u>	-	<u>(3,252,055)</u>	<u>(3,252,055)</u>	-	
<b>Total Government</b>	<b>\$ 87,559,285</b>	<b>\$ 32,882,104</b>	<b>\$ 3,821,642</b>	<b>\$ 5,035,840</b>	<b>(42,567,644)</b>	<b>(3,252,055)</b>	<b>(45,819,699)</b>	-	
<b>Component Unit</b>									
Natatorium Foundation	\$ 163,195	-	-	-	-	-	-	(163,195)	
<b>General Revenues:</b>									
Property taxes levied for:									
General purposes					7,388,343	-	7,388,343	-	
Debt service					1,837,236	-	1,837,236	-	
Tax increment financing districts					864,869	-	864,869	-	
Sales tax levied for:									
General purposes					14,539,609	-	14,539,609	-	
Transportation purposes					7,269,803	-	7,269,803	-	
Park and stormwater purposes					7,203,975	-	7,203,975	-	
Tax increment financing districts					1,671,728	-	1,671,728	-	
Tourism					154,073	-	154,073	-	
Franchise and public service taxes					4,561,196	-	4,561,196	-	
Earnings on investments					61,316	6,452	67,768	200,476	
Other revenues					948,759	-	948,759	-	
Gain on disposition of capital assets					12,331	-	12,331	-	
Transfers					(1,689,438)	1,689,438	-	-	
<b>Total General Revenues and Transfers</b>					<u>44,823,800</u>	<u>1,695,890</u>	<u>46,519,690</u>	<u>200,476</u>	
Change in net position					<u>2,256,156</u>	<u>(1,556,165)</u>	<u>699,991</u>	<u>37,281</u>	
Net Position - Beginning of Year					<u>288,970,338</u>	<u>58,539,793</u>	<u>347,510,131</u>	<u>1,894,428</u>	
<b>Net Position - End of Year</b>					<u>\$ 291,226,494</u>	<u>\$ 56,983,628</u>	<u>\$ 348,210,122</u>	<u>\$ 1,931,709</u>	

See accompanying notes to basic financial statements

**CITY OF ST. PETERS, MISSOURI**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	Major Funds					Nonmajor Funds	
		Local	Parks and	Debt	Capital	Other	Total
	General	Transportation Trust	Stormwater Fund	Service	Projects	Govern - mental Funds	Govern - mental Funds
<b>Assets:</b>							
Cash and investments:							
Unrestricted	\$ 12,836,862	\$ 6,417,486	\$ 4,791,442	\$ 1,048,358	\$ 3,890,960	\$ 7,533,415	\$ 36,518,523
Restricted	87,005	628,656	-	-	7,818,515	-	8,534,176
Held by trustees	-	-	166,878	-	-	2,650	169,528
Receivables, net of allowances where applicable:							
Taxes	2,445,221	633,013	632,993	81,714	-	76,764	3,869,705
Intergovernmental	120,342	1,141,871	171,979	-	-	36,813	1,471,005
Interest	23,203	-	2,578	-	-	-	25,781
Other	458,411	21,509	409,231	8,737	-	148,137	1,046,025
Due from other funds	270,354	-	-	-	-	-	270,354
Long term receivables	-	-	-	-	-	620,931	620,931
Inventory and prepaid items	935,313	50,214	-	-	-	-	985,527
<b>Total Assets</b>	<b>\$ 17,176,711</b>	<b>\$ 8,892,749</b>	<b>\$ 6,175,101</b>	<b>\$ 1,138,809</b>	<b>\$ 11,709,475</b>	<b>\$ 8,418,710</b>	<b>\$ 53,511,555</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 990,195	\$ 892,396	\$ 687,314	\$ 2,034	\$ 1,122,864	\$ 163,775	\$ 3,858,578
Accrued liabilities	501,717	7,087	22,032	-	-	697	531,533
Deposits/guarantee bonds	708,122	-	-	-	-	900	709,022
Due to other funds	-	62,823	4,481	-	-	31,561	98,865
Unearned revenue	35,307	545,583	-	-	-	-	580,890
Claims payable	1,101,248	-	-	-	-	-	1,101,248
<b>Total Liabilities</b>	<b>3,336,589</b>	<b>1,507,889</b>	<b>713,827</b>	<b>2,034</b>	<b>1,122,864</b>	<b>196,933</b>	<b>6,880,136</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenues - property taxes	271,282	-	-	77,543	-	-	348,825
Unavailable revenues - contributions	-	-	375,000	-	-	-	375,000
<b>Total Deferred Inflows of Resources</b>	<b>271,282</b>	<b>-</b>	<b>375,000</b>	<b>77,543</b>	<b>-</b>	<b>-</b>	<b>723,825</b>
<b>Fund Balances:</b>							
Nonspendable	935,313	50,214	-	-	-	-	985,527
Restricted for:							
Transportation	-	6,705,990	-	-	-	-	6,705,990
Sewer lateral projects	-	-	-	-	-	772,501	772,501
Water line repair projects	-	-	-	-	-	192,280	192,280
Special allocation projects	-	-	-	-	-	6,489,385	6,489,385
Grants	-	-	-	-	-	764,961	764,961
Debt service	87,005	628,656	166,878	1,059,232	-	2,650	1,944,421
Local parks and stormwater	-	-	4,919,396	-	-	-	4,919,396
Police services	315,869	-	-	-	-	-	315,869
Stormwater projects	-	-	-	-	7,818,515	-	7,818,515
Committed:							
Contingency reserve	3,500,000	-	-	-	-	-	3,500,000
Assigned for:							
Capital projects	2,078,150	-	-	-	2,768,096	-	4,846,246
Administration	303,307	-	-	-	-	-	303,307
Maintenance	76,859	-	-	-	-	-	76,859
Other	145,270	-	-	-	-	-	145,270
Subsequent year budget	1,381,215	-	-	-	-	-	1,381,215
Unassigned	4,745,852	-	-	-	-	-	4,745,852
<b>Total Fund Balances</b>	<b>13,568,840</b>	<b>7,384,860</b>	<b>5,086,274</b>	<b>1,059,232</b>	<b>10,586,611</b>	<b>8,221,777</b>	<b>45,907,594</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 17,176,711</b>	<b>\$ 8,892,749</b>	<b>\$ 6,175,101</b>	<b>\$ 1,138,809</b>	<b>\$ 11,709,475</b>	<b>\$ 8,418,710</b>	<b>\$ 53,511,555</b>

**CITY OF ST. PETERS, MISSOURI**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

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**Total Fund Balance - Governmental Funds** \$ 45,907,594

Amounts reported for governmental activities in the statement of net position 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 \$497,021,247 and the accumulated depreciation is \$170,348,816. 326,672,431

Property taxes assessed by the City, but not collected within 60 days of year end, are deferred within the fund financial statements. However, revenue for this amount, net of a reserve for uncollectible accounts, is recognized in the government-wide statements. 348,825

To recognize federal interest subsidy which is not a current financial resource and therefore is not reported in the funds. 55,394

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 liabilities within the fund financial statements. 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 on the government-wide statement of net position. Discounts, premiums and deferred amounts on refunding costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of September 30, 2016 are:

Accrued compensated absences, vacation	(1,315,750)
Accrued interest on outstanding debt	(4,015,564)
Other post employment benefit obligation	(7,449,431)
Net pension obligation	(8,376,823)
Pension related deferred outflows of resources	11,849,457
Pension related deferred inflows of resources	(2,154,389)
Bonds and notes payable	(70,625,000)
Unamortized bond discount	113,341
Unamortized bond premium	(1,298,562)
Unamortized deferred charge on refunding	1,514,971

**Total Net Position - Governmental Activities** \$ 291,226,494

**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Transportation Trust	Local Parks and Stormwater Fund	Special Allocation-City Centre	Debt Service	Capital Projects	Other Governmental Funds	
<b>Revenues:</b>								
Sales tax	\$ 14,539,609	\$ 7,269,803	\$ 7,203,975	\$ 533,655	\$ -	\$ -	\$ 1,138,073	\$ 30,685,115
Property tax	7,327,772			(89,538)	1,822,832		954,408	10,015,474
Utility franchise tax	4,376,655			1,322				4,377,977
Cigarette tax	183,218							183,218
Licenses and permits	1,396,294							1,396,294
Interest	33,152	2,605	9,354	327	721	3,379	11,778	61,316
Intergovernmental	3,901,676	3,971,389	173,368				253,900	8,300,333
Fines and forfeitures	1,569,621							1,569,621
Charges for services	678,140		21,892				790,191	1,490,223
Miscellaneous	495,271	487,252	238,671		8,606		6,975	1,236,775
<b>Total Revenues</b>	<b>34,501,408</b>	<b>11,731,049</b>	<b>7,647,260</b>	<b>445,766</b>	<b>1,832,159</b>	<b>3,379</b>	<b>3,155,325</b>	<b>59,316,346</b>
<b>Expenditures:</b>								
Current:								
General government	2,201,937			1,364,693			663,083	4,229,713
Administration	4,296,847							4,296,847
Police	11,964,091		563,477					12,527,568
Municipal court	430,355							430,355
Public works	2,104,395	4,069,717	1,826,663				831,955	8,832,730
Engineering	2,172,923							2,172,923
Maintenance	400,847							400,847
Health	678,597							678,597
Parks and recreation	4,738,564		755,547					5,494,111
Communications	957,504							957,504
Community and arts	187,796							187,796
Capital outlay	783,482	6,447,325	2,214,087	349,407		3,403,502	194,909	13,392,712
Debt service:								
Principal retirement	330,000	370,000	125,000	1,642,000	1,630,000		6,700	4,103,700
Interest	48,788	394,090	40,665	57,470	973,575		5,028	1,519,616
Payment to escrow agent					844,113			844,113
Other		795	1,282	1,060	271,389	151,995	292	426,813
<b>Total Expenditures</b>	<b>31,296,126</b>	<b>11,281,927</b>	<b>5,526,721</b>	<b>3,414,630</b>	<b>3,719,077</b>	<b>3,555,497</b>	<b>1,701,967</b>	<b>60,495,945</b>
<b>Revenues Over (Under) Expenditures</b>	<b>3,205,282</b>	<b>449,122</b>	<b>2,120,539</b>	<b>(2,968,864)</b>	<b>(1,886,918)</b>	<b>(3,552,118)</b>	<b>1,453,358</b>	<b>(1,179,599)</b>
<b>Other Financing Sources (Uses):</b>								
Transfers in	1,853	527,240			1,825,077		43,290	2,397,460
Transfers out	(949,073)		(1,957,317)			(1,252)	(43,891)	(2,951,533)
Proceeds from sale of capital assets	93,510	34,190						127,700
Issuance of debt						8,000,000		8,000,000
Refunding bonds					16,170,000			16,170,000
Bond premium					579,527	164,934		744,461
Payment to refunded bonds escrow agent					(16,517,710)			(16,517,710)
<b>Total Other Financing Sources (Uses)</b>	<b>(853,710)</b>	<b>561,430</b>	<b>(1,957,317)</b>		<b>2,056,894</b>	<b>8,163,682</b>	<b>(601)</b>	<b>7,970,378</b>
<b>Net Changes in Fund Balances</b>	<b>2,351,572</b>	<b>1,010,552</b>	<b>163,222</b>	<b>(2,968,864)</b>	<b>169,976</b>	<b>4,611,564</b>	<b>1,452,757</b>	<b>6,790,779</b>
<b>Fund Balances:</b>								
<b>Beginning of Year</b>	<b>11,217,268</b>	<b>6,374,308</b>	<b>4,923,052</b>	<b>2,968,864</b>	<b>889,256</b>	<b>5,975,047</b>	<b>6,769,020</b>	<b>39,116,815</b>
<b>End of Year</b>	<b>\$ 13,568,840</b>	<b>\$ 7,384,860</b>	<b>\$ 5,086,274</b>	<b>\$ -</b>	<b>\$ 1,059,232</b>	<b>\$ 10,586,611</b>	<b>\$ 8,221,777</b>	<b>\$ 45,907,594</b>

**CITY OF ST. PETERS, MISSOURI**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Net change in fund balances - total governmental funds** **\$ 6,790,779**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for general and \$25,000 for infrastructure are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not recorded in governmental funds but are recognized as revenue in the statement of activities. This is the amount by which capital outlays and donated capital assets exceeded depreciation in the current period.

Capital outlays	14,385,251	
Proceeds from sale of capital assets	(127,700)	
Donated capital assets	404,084	
Net transfer of assets between the proprietary and governmental activities	(1,135,365)	
Depreciation expense	<u>(11,236,307)</u>	2,289,963

In the statement of activities, the gain (loss) on the sale of capital assets is reported. The gain (loss) is not a use of current resources and, thus, is not reported in the funds. 12,331

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Issuance of debt and refunding bonds	(24,170,000)	
Principal payment to escrow agent	16,000,000	
Repayment of bond and note principal	<u>4,103,700</u>	(4,066,300)

Under the modified accrual basis of accounting used in governmental funds the effect of discounts and premiums are recognized when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due, whereas in the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. 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. The net effect of these differences is as follows:

Accrued interest on bonds	(865,569)	
Compensated absences	65,059	
Other post employment benefits	(180,654)	
Pension expense	(2,132,594)	
Premium on debt issuances, net of amortization	(665,930)	
Discount on debt issuances, net of amortization	(84,532)	
Deferred charge on refunding, net of amortization	<u>1,026,581</u>	(2,837,639)

Property tax revenues received prior to the year for which they are being levied are reported as deferred inflows in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year. 74,974

Special assessments levied by the City, not due until future years are reported as deferred inflows in the governmental funds. In the statement of activities, the special assessments were recognized as revenues in the year they were levied. Deferred special assessment revenues increased this year. (5,875)

In the statement of activities, federal interest subsidy is recognized as an economic resource, whereas in the governmental funds, the interest subsidy is recorded as nonexchange revenue when all eligibility requirements are met. (2,077)

**Change in net position of governmental activities** **\$ 2,256,156**

**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

	Major Enterprise Funds				Total Enterprise Funds
	Waterworks/ Sanitary Sewer	Solid Waste	Central Materials Processing Facility	Recreation	
<b>Assets:</b>					
Current Assets:					
Cash and investments:					
Unrestricted	\$ 3,763,732	\$ 1,360,597	\$ 748,379	\$ 1,450,577	\$ 7,323,285
Restricted	6,393,436	-	-	-	6,393,436
Receivables, net allowances:					
Services	1,732,618	795,441	74,319	-	2,602,378
Grants	-	-	-	-	-
Other	208,961	181,864	208,036	208,383	807,244
Inventory/prepays	460	-	93,219	30,489	124,168
<b>Total Current Assets</b>	<b>12,099,207</b>	<b>2,337,902</b>	<b>1,123,953</b>	<b>1,689,449</b>	<b>17,250,511</b>
<b>Noncurrent Assets:</b>					
Investment in joint venture	1,692,683	-	-	-	1,692,683
Capital assets	116,225,063	7,570,136	6,872,563	53,396,424	184,064,186
Less: Accumulated depreciation	56,625,455	5,684,645	4,927,211	26,569,054	93,806,365
Capital assets - net	59,599,608	1,885,491	1,945,352	26,827,370	90,257,821
<b>Total Noncurrent Assets</b>	<b>61,292,291</b>	<b>1,885,491</b>	<b>1,945,352</b>	<b>26,827,370</b>	<b>91,950,504</b>
<b>Total Assets</b>	<b>73,391,498</b>	<b>4,223,393</b>	<b>3,069,305</b>	<b>28,516,819</b>	<b>109,201,015</b>
<b>Deferred Outflows of Resources:</b>					
Deferred charge on refunding	-	-	-	847,760	847,760
Deferred amounts related to pensions	1,721,675	1,047,479	634,913	939,964	4,344,031
<b>Total Deferred Outflows of Resources</b>	<b>1,721,675</b>	<b>1,047,479</b>	<b>634,913</b>	<b>1,787,724</b>	<b>5,191,791</b>
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	1,059,964	6,380	220,738	80,731	1,367,813
Accrued payroll	42,910	27,454	18,625	49,205	138,194
Accrued compensated absences	185,683	111,463	62,018	117,607	476,771
Accrued interest	190,415	-	-	242,917	433,332
Deposits held for others	174,685	-	-	102,498	277,183
Due to other funds	138,093	13,601	3,733	16,062	171,489
Unearned revenue	1,367	-	-	249,642	251,009
Current portion of revenue bonds payable	2,035,000 *	-	-	760,000	2,795,000
Other	410	-	-	12,964	13,374
<b>Total Current Liabilities</b>	<b>3,828,527</b>	<b>158,898</b>	<b>305,114</b>	<b>1,631,626</b>	<b>5,924,165</b>
<b>Noncurrent Liabilities:</b>					
Long-term portion of revenue bonds payable	30,262,633	-	-	14,337,285	44,599,918
Other long-term liabilities	2,479,216	1,435,342	1,055,348	1,362,328	6,332,234
<b>Total Liabilities</b>	<b>36,570,376</b>	<b>1,594,240</b>	<b>1,360,462</b>	<b>17,331,239</b>	<b>56,856,317</b>
<b>Deferred Inflows of Resources:</b>					
Deferred amounts related to pensions	219,116	133,312	80,805	119,628	552,861
<b>Net Position:</b>					
Net investment in capital assets	31,064,507	1,885,491	1,945,352	11,730,085	46,625,435
Restricted for debt service	2,053,499	-	-	-	2,053,499
Unrestricted	5,205,675	1,657,829	317,599	1,123,591	8,304,694
<b>Total Net Position</b>	<b>\$ 38,323,681</b>	<b>\$ 3,543,320</b>	<b>\$ 2,262,951</b>	<b>\$ 12,853,676</b>	<b>\$ 56,983,628</b>

\* Payable from restricted assets

**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Major Enterprise Funds</b>				
	<b>Waterworks/ Sanitary Sewer</b>	<b>Solid Waste</b>	<b>Central Materials Processing Facility</b>	<b>Recreation</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues:</b>					
Water	\$ 5,213,507	\$	\$	\$	\$ 5,213,507
Sewer	4,543,181				4,543,181
Solid waste		5,787,606			5,787,606
Tap on fees	336,050				336,050
Tipping fees			2,601,596		2,601,596
Recycling income			1,169,548		1,169,548
Earth Centre			513,132		513,132
Intergovernmental			1,252		1,252
Recreation				6,677,948	6,677,948
Miscellaneous	1,315,443	170,401	11,698		1,497,542
<b>Total Operating Revenues</b>	<b>11,408,181</b>	<b>5,958,007</b>	<b>4,297,226</b>	<b>6,677,948</b>	<b>28,341,362</b>
<b>Operating Expenses:</b>					
Personnel costs	4,144,491	2,560,995	1,818,957	4,064,249	12,588,692
Depreciation	2,740,919	640,167	276,420	2,049,362	5,706,868
Utilities	681,057	46,048	49,481	866,582	1,643,168
Purchased water	856,540				856,540
Wastewater treatment costs	122,897				122,897
Disposal fees		1,198,505	1,344,769		2,543,274
Repairs and maintenance	729,870	274,463	99,681	251,556	1,355,570
Chemicals and supplies	377,944	2,336	50	74,122	454,452
Professional services	330,873	19,937	42,725	122,946	516,481
Office expense	225,631	69,349	189,091	376,917	860,988
Insurance	111,132	29,170	20,223	47,707	208,232
Gasoline and fuel	64,897	151,705	20,451	15,479	252,532
Rent	12,147	1,016	4,998		18,161
Concessions				218,019	218,019
Miscellaneous	1,086,555	756,839	390,211	190,402	2,424,007
<b>Total Operating Expenses</b>	<b>11,484,953</b>	<b>5,750,530</b>	<b>4,257,057</b>	<b>8,277,341</b>	<b>29,769,881</b>
<b>Operating Income (Loss)</b>	<b>(76,772)</b>	<b>207,477</b>	<b>40,169</b>	<b>(1,599,393)</b>	<b>(1,428,519)</b>
<b>Nonoperating Revenues (Expenses):</b>					
Interest on investments	4,836	821	348	447	6,452
Bond interest and fees	(1,235,253)			(645,305)	(1,880,558)
Gain (loss) on disposal of capital assets		4,619		(3,047)	1,572
Equity loss in joint venture	(56,229)				(56,229)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,286,646)</b>	<b>5,440</b>	<b>348</b>	<b>(647,905)</b>	<b>(1,928,763)</b>
<b>Loss Before Capital</b>					
<b>Contributions and Transfers</b>	<b>(1,363,418)</b>	<b>212,917</b>	<b>40,517</b>	<b>(2,247,298)</b>	<b>(3,357,282)</b>
Capital contributions	111,679			1,135,365	1,247,044
Transfers in				554,073	554,073
<b>Changes In Net Position</b>	<b>(1,251,739)</b>	<b>212,917</b>	<b>40,517</b>	<b>(557,860)</b>	<b>(1,556,165)</b>
<b>Net Position - Beginning of Year</b>	<b>39,575,420</b>	<b>3,330,403</b>	<b>2,222,434</b>	<b>13,411,536</b>	<b>58,539,793</b>
<b>Net Position - End of Year</b>	<b>\$ 38,323,681</b>	<b>\$ 3,543,320</b>	<b>\$ 2,262,951</b>	<b>\$ 12,853,676</b>	<b>\$ 56,983,628</b>

# CITY OF ST. PETERS, MISSOURI

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Major Enterprise Funds				Total Enterprise Funds
	Waterworks/ Sanitary Sewer	Solid Waste	Central Materials Processing Facility	Recreation	
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers	\$ 9,991,018	\$ 5,786,207	\$ 4,285,232	\$ 6,691,610	\$ 26,754,067
Payments to suppliers	(4,244,005)	(7,762,735)	(2,248,962)	(2,214,175)	(16,469,877)
Payment to employees	(4,019,993)	2,636,440	(1,766,123)	(4,044,122)	(7,193,798)
Other receipts	1,374,043	155,501	(60,990)	3,538	1,472,092
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>3,101,063</b>	<b>815,413</b>	<b>209,157</b>	<b>436,851</b>	<b>4,562,484</b>
<b>Cash Flows Provided By (Used In)</b>					
<b>Noncapital Financing Activities:</b>					
Transfers in	-	-	-	554,073	554,073
Advances on (repayments of ) internal balances	47,553	9,144	(93)	(2,220)	54,384
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>47,553</b>	<b>9,144</b>	<b>(93)</b>	<b>551,853</b>	<b>608,457</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets, net	(3,938,965)	(806,116)	-	(8,198)	(4,753,279)
Proceeds from sale of capital assets	-	8,650	(222,006)	-	(213,356)
Principal paid on bonds	(1,985,000)	-	-	(735,000)	(2,720,000)
Interest and fees paid on bonds	(361,614)	-	-	(619,808)	(981,422)
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(6,285,579)</b>	<b>(797,466)</b>	<b>(222,006)</b>	<b>(1,363,006)</b>	<b>(8,668,057)</b>
<b>Cash Flows Provided By Investing Activities:</b>					
Interest received on investments	4,836	821	348	447	6,452
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(3,132,127)</b>	<b>27,912</b>	<b>(12,594)</b>	<b>(373,855)</b>	<b>(3,490,664)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>13,289,295</b>	<b>1,332,685</b>	<b>760,973</b>	<b>1,824,432</b>	<b>17,207,385</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 10,157,168</b>	<b>\$ 1,360,597</b>	<b>\$ 748,379</b>	<b>\$ 1,450,577</b>	<b>\$ 13,716,721</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>					
Operating income (loss)	\$ (76,772)	\$ 207,477	\$ 40,169	\$ (1,599,393)	\$ (1,428,519)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	2,740,919	640,167	276,420	2,049,362	5,706,868
(Increase) decrease in assets:					
Services receivable	(84,079)	(1,399)	956	-	(84,522)
Miscellaneous receivable	64,339	(14,900)	(73,940)	(1,219)	(25,720)
Inventory	2,110	836	(26,352)	6,108	(17,298)
Increase (decrease) in liabilities:					
Accounts payable	353,428	(92,213)	(60,930)	(56,553)	143,732
Accrued payroll	(124,378)	(59,364)	402,429	(105,910)	112,777
Accrued vacation	3,455	8,367	(2,863)	18,046	27,005
Deposits held for others	(6,149)	-	-	3,323	(2,826)
Other liabilities	228,190	126,442	(346,732)	123,087	130,987
<b>Total Adjustments</b>	<b>3,177,835</b>	<b>607,936</b>	<b>168,988</b>	<b>2,036,244</b>	<b>5,991,003</b>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 3,101,063</b>	<b>\$ 815,413</b>	<b>\$ 209,157</b>	<b>\$ 436,851</b>	<b>\$ 4,562,484</b>

**Noncash Investing, Capital and Financing Activities:**

During fiscal year 2016, the Waterworks/Sanitary Sewer Fund received \$111,679 in contributed water and sewer lines from developers and incurred a \$56,229 equity loss in joint venture. The Recreation Fund received \$1,135,365 in contributed capital from governmental activities.



**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF FIDUCIARY NET POSITION -  
OTHER POST EMPLOYMENT BENEFITS TRUST FUND  
SEPTEMBER 30, 2016**

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**ASSETS:**

Cash and investments:

Held by trustees:

Money market mutual funds \$ 32,359

Domestic equity investments:

Exchange traded funds 948,150

Mutual funds 4,824,710

International equities:

Exchange traded funds 315,986

Mutual funds 1,127,469

Fixed income investments:

Credit 722,100

Diversified taxable mutual funds 3,998,549

Other 52,382

Alternative investments:

Hedge funds 487,909

Infrastructure 352,906

Traded real estate 136,698

Receivables, net of allowances:

Interest 7,140

**Total Assets**

13,006,358

**LIABILITIES:**

Accounts payable 76,577

Unearned revenue 11,555

**Total Liabilities**

88,132

**NET POSITION:**

Restricted for other post employment benefits \$ 12,918,226

**CITY OF ST. PETERS, MISSOURI**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
OTHER POST EMPLOYMENT BENEFITS TRUST FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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**ADDITIONS:**

Contributions:

City of St. Peters	\$ 1,175,900
Plan members	144,368
Total Contributions	<u>1,320,268</u>

Investment income:

Interest and dividends	589,134
Net depreciation in the fair value of plan investments	541,492
Total Investment Income	<u>1,130,626</u>

<b>Total Additions</b>	<u>2,450,894</u>
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**DEDUCTIONS:**

Benefit payments	<u>957,158</u>
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Administrative and general expenses:

Insurance, taxes and other premiums	272,368
Professional fees	49,534
Total administrative and general expenses	<u>321,902</u>

<b>Total Deductions</b>	<u>1,279,060</u>
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<b>CHANGE IN NET POSITION</b>	1,171,834
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**NET POSITION RESTRICTED FOR OTHER  
POST EMPLOYMENT BENEFITS:**

<b>BEGINNING OF YEAR</b>	<u>11,746,392</u>
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<b>END OF YEAR</b>	<u><u>\$ 12,918,226</u></u>
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**CITY OF ST. PETERS, MISSOURI**

**NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of St. Peters, Missouri (the City) was incorporated in 1910. The City operates as a fourth-class city under the Missouri state statutes under the Board of Aldermen/City Administrator form of government. The Board of Aldermen is comprised of eight Aldermen and a Mayor. The City provides the following services: public safety (police), public works, public improvements, water and sanitary sewer, residential trash collection, recreation, community development, health, planning and zoning, and general administration.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The City defines its reporting entity to include all component units for which the City's governing body is financially accountable or closely related. The City's financial reporting entity consists of the City and its component units.

**Discretely Presented Component Units:** The component unit column in the statement of net position and statement of activities includes the financial data of the City's discretely presented component unit, which is reported in a separate column to emphasize that it is legally separate from the City.

The City of St. Peters Natatorium Foundation (the Foundation) is a not-for-profit corporation organized for the purpose of accepting contributions from the community and using the resources to fund improvements to the St. Peters Rec-Plex natatorium. The Foundation is discretely presented since the entire purpose of the Foundation is to benefit the City's natatorium; therefore, exclusion from the City's financial report would render the financial statements incomplete or misleading. The accounting policies and financial reporting practices of the Foundation conform to accounting principles generally accepted in the United States of America applicable to not-for-profit entities. The Foundation has only one fund. There are no separate financial statements issued for the Foundation.

**Joint Venture:** The City has entered into the following multi-governmental arrangement creating an organization that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the City retains an ongoing financial interest or an ongoing financial responsibility.

The St. Peters-St. Charles Water Pipeline Project (the Water Pipeline Project) was formed under the laws of the State of Missouri on October 2, 1985. The purpose of the Water Pipeline Project is to construct and operate a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri, and St. Charles, Missouri, in order to adequately supply water by the pipeline to the citizens and businesses of the municipalities. The Water Pipeline Project is owned by the City of St. Peters

## **CITY OF ST. PETERS, MISSOURI**

### **Notes to Basic Financial Statements (continued)**

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(31.8%) and the City of St. Charles (68.2%). The City of St. Peters is responsible for managing and accounting for the daily operations of the Water Pipeline Project, except when concurrence of both cities is required. Additional information regarding the Water Pipeline Project is provided in Note 10.

#### **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 major, and in the aggregate nonmajor, funds).

#### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements, with the exception of interfund services provided and used. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes, unrestricted interest earnings and other items not included among program revenues are reported instead as general revenues. The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activity.

#### **Fund Financial Statements**

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

#### **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 purposes for which they are to be spent and the means by which spending activities are controlled. There are three categories of funds used by the City: governmental, proprietary and fiduciary.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### **Governmental Funds**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's major governmental funds:

**General** - The general fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Transportation Trust** - The transportation trust fund is used to account for transportation sales tax revenues and grants to be used for the construction, repair and maintenance of streets, roads and bridges.

**Local Parks And Stormwater** - The local parks and stormwater fund is used to account for one-tenth sales tax revenue and grant proceeds to be used for park and stormwater projects.

**Special Allocation - City Centre** - The special allocation fund - City Centre is used to account for revenues generated by the City Centre TIF district for the payment of debt service and other TIF related expenditures.

**Debt Service** - The debt service fund is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest and related costs.

**Capital Projects** - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

#### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus used is the economic resources measurement focus. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has four enterprise funds which are all considered major funds as follows:

**Waterworks/Sanitary Sewer** - The waterworks/sanitary sewer fund is used to account for the billing and collection of charges for water and sanitary sewer services for customers of the waterworks and sanitary sewer system. Revenues are used to pay for both operating expenses and capital costs to maintain these services.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

**Solid Waste** - The solid waste fund is used to account for the provision of solid waste collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

**Central Materials Processing Facility** - The central materials processing facility fund is used to account for revenues and expenses resulting from the processing of solid waste. Trash and recyclable materials are sorted by recyclable type (i.e., cardboard, newspaper, plastic, glass, aluminum, etc.). The sorted recyclables are then baled and sold to companies that use recyclable material in the manufacturing of their products. The remaining material (trash) is taken to a landfill.

**Recreation Fund** - The recreation fund is used to account for activities of the City's recreation operations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

#### Fiduciary Fund Type - Trust And Agency Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Trust funds are accounted for and reported similar to proprietary funds. The City's trust fund accounts for post-employment health care benefits provided to eligible retirees. The City does not have any agency funds.

#### Measurement Focus

##### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows/inflows of resources and all liabilities associated with the operation of the City are included on the statement of net position.

##### **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows/inflows of resources and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

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sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows/inflows of resources and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

#### Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements, proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned and deferred revenue and in the presentation of expenses versus expenditures.

#### Revenues - Exchange And NonExchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the City, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: state-levied locally shared taxes (including gasoline tax), fines and forfeitures, licenses and permits, interest, grants and rentals.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Certain grants received before eligibility requirements are met are reported as unearned revenues.

#### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, principal and interest on general long-term debt, which have not matured, are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

#### Cash And Cash Equivalents And Investments

The City's cash and cash equivalents consist of highly liquid investments (including restricted assets) with maturity dates within three months of the date acquired by the City. Investments consist of those investments with maturity dates greater than three months at the time of purchase by the City. Investments are stated at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items. The cost of governmental fund-type prepaid items is recorded as expenditures when consumed rather than when purchased.

#### Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased.

#### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded, is employed within the governmental fund financial statements. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and are reported as assigned fund balance to indicate that a portion of the fund balance is not available for subsequent appropriation.



## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

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#### Capital Assets

Capital assets, which include property, plant, equipment and prospectively reported infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more for general capital assets and \$25,000 or more for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Structures and improvements	20 years
Water and sewer lines	50 years
Streets, bridges and sidewalks	12 - 50 years
Furniture and other equipment	5 - 8 years
Vehicles	5 years
Computer equipment	5 years
Software	3 years
Land improvement	20 years
Pool equipment	5 years

#### Compensated Absences

City employees earn vacation during the current year which must be taken in the subsequent year. Accrued vacation time is recognized as a liability when incurred and any unused accumulated vacation is payable to employees upon termination. Based upon the policy of the City, all of the accrued vacation lapse within one year and is recorded in the government-wide and proprietary fund financial statements as a short-term liability. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured. Sick leave benefits do not vest and are recorded as expenditures when paid. Compensated absences are typically liquidated by the general fund or the respective fund from which the employee is paid.

#### Other Post Employment Benefit Obligation

The City calculates and records a net other post employment benefit obligation (OPEB) in the government-wide and proprietary funds financial statements. The net OPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since October 1, 2008, the required date of implementation. The City was not required to and elected not to retroactively implement GASB 45. Details relating to the City's postretirement health care benefits provided, OPEB liability and its calculation are provided at Note 12. The obligation is typically liquidated by the general fund or the respective fund from which the employee is paid.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### **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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable, as reported in the statement of net position, are adjusted by the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The accounting for long-term liabilities in the proprietary funds is the same as it is in the government-wide financial statements.

#### **Deferred Outflows/Inflows Of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports a deferred charge on refunding reported in the government-wide-statement and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, contributions and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the government-wide and proprietary fund financial statements, components of pension expense that are recognized over a period of time are classified as either deferred outflows of resources (using plan assets that are applicable to a future reporting period) or deferred inflows of resources (acquiring plan assets that are applicable to a future reporting period). Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

#### **Pensions**

The City records a net pension (asset) liability in the government-wide and proprietary fund financial statements for its defined benefit plan. The (asset) liability is calculated as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The pension obligation is typically liquidated by the general fund or the respective fund from which the employee is paid. Details of the City's defined benefit plan are provided in Note 5.

#### Interfund Activity

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

In the process of aggregating data for the statement of net position 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.

#### Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The City's nonspendable fund balance consists of inventory and prepaid items.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The City's restricted funds consist of various taxes approved by voters for specific purposes, capital projects, sewer lateral projects, water line repair projects, grants, police services, tourism, TIF projects, stormwater projects and debt obligations.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Aldermen, the City's highest level of decision-making authority. The City's committed fund balance consists of the contingency reserve as outlined below.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by the Board of Aldermen. The City's assigned fund balance includes capital projects, monies budgeted in the subsequent year and general fund contractual obligations (encumbrances) not previously accounted for.

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

Assigned encumbrances by function are as follows:

<b>Function</b>	<b>Amount</b>
General government	\$ 15,152
Administration	303,307
Police	24,773
Engineering	46,247
Maintenance	76,859
Health	6,592
Parks and recreation	49,020
Communications	3,486
<b>Total</b>	<b>\$ 525,436</b>

**Unassigned** - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned." The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

#### General Fund Contingency Reserve Policy

During fiscal year 2013 the City utilized tools provided by the Government Finance Officers Association of the United States and Canada (GFOA) to determine the appropriate level of Contingency Reserve for the City's General Fund. The City completed the GFOA Risk Evaluation Tool, and based upon the results of the assessment; the City has determined the targeted General Fund Contingency Reserve to be two months regular, ongoing operating expenses. The Board of Alderman then adopted an ordinance establishing a General Fund Contingency Reserve Policy of two months regular, ongoing operating expenses (which at the time amounted to approximately \$5,000,000). The ordinance requires the City to create a Contingency Reserve within the General Fund. The City transferred \$2,500,000 into the Contingency Reserve during Fiscal Year 2014 and the Contingency Reserve will be increased by \$500,000 in each subsequent Fiscal Year until the targeted amount of \$5,000,000 is reached. The City's additional funding of the Contingency Reserve will be incorporated into the Five Year Capital Improvement Plan adopted by the Mayor and Board of Aldermen as part of the City's long-range planning process. After the initial target of \$5,000,000 is reached, the City Administrator will reevaluate the Contingency Reserve level necessary to cover two months operating expenses in future years and incorporate the funding of the Contingency Reserve into the draft Five Year Capital Improvement Plan and draft Budget documents submitted to the Mayor and Board of Aldermen each year. It is the intent of the City to limit use of the Contingency Reserve to address unanticipated, non-recurring needs. The Contingency reserve shall not normally be applied to recurring annual operating expenditures. However, it may be used to allow time for the City to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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pursuant to an appropriation in the Annual Budget. In addition, the Contingency Reserve may be spent in the event of an emergency or a fiscal crisis for the following purposes:

- To correct revenue cash-flow shortfalls
- To correct unforeseen annual revenue budgetary shortfalls
- To the extent permitted by law, to make temporary or emergency operating transfers to any other City Fund
- For emergency repairs, replacements or expenditures

In the event that the Contingency Reserve is used as provided above, a plan will be developed and included in the Five Year Capital Plan adopted by the Mayor and Board of Aldermen for the years subsequent to the Contingency Reserve draw to replenish the Contingency Reserve to the targeted level.

The City Administrator is directed to submit future draft Annual Budget and Five Year Capital Improvement Plan documents that reach the goals established by this policy.

Any modifications made to this policy must be approved by the Board of Aldermen.

#### Net Position

In the government-wide financial statements, net position is displayed in three components as follows:

Net Investment In Capital Assets - 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 position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

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

#### Use Of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

#### Investment In Joint Venture

The City's investment in the St. Peters - St. Charles Water Pipeline Project (the Joint Venture) is recorded on the equity method of accounting, taking into consideration capitalized interest.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### **Estimates And Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year end and revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

## **2. DEPOSITS AND INVESTMENTS**

#### **Investment Policy**

The City's Deputy Investment Officer, subject to the review of the Investment Officer, is authorized to invest excess cash in any investments authorized by the City's investment policy. The City's investment policy conforms to the investment policy guidelines set forth by the State of Missouri. The City's investment policy authorizes the City to invest in the following instruments: insured or collateralized certificates of deposit, certain collateralized repurchase agreements, direct obligations of any state in the United States and certain Missouri governmental entities (as outlined in the policy) that are rated "AAA" by Standard & Poor's Corporation and/or "Aaa" by Moody's Investor Service at the time of purchase, direct obligations of the United States of America and obligations issued or guaranteed by certain agencies of the United States of America (as outlined in the policy). As of September 30, 2016, all of the City's investments were in compliance with the City's investment policy.

Any bond ordinance, contract or other document, which imposes more stringent standards for investments than those set forth in the policy, shall govern the investment of such funds. To the extent the City's policy shall impose more stringent standards for investments than those set forth in any bond ordinance, contract or other document, the City's policy shall govern such investments.

As of September 30, 2016, the City's deposit and investment balances were as follows:

<b><u>Deposit/Investment Type</u></b>	<b><u>Carrying Value</u></b>
Deposits	\$53,046,827
Money market mutual funds	885,196
U.S. government security	<u>5,006,925</u>
	<u>\$58,938,948</u>

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

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As of September 30, 2016, the discretely presented component unit's investment balances were as follows:

**Discretely Presented Component Unit**

Money market funds	\$ 31,229
Stocks - domestic	503,743
Stocks - foreign	57,336
Mutual funds - domestic	296,533
Mutual funds - international	354,355
Fixed income mutual funds (domestic)	543,471
Fixed income mutual funds (international)	145,028
	<u>\$ 1,931,695</u>

The discretely presented component unit is not required to adopt the provision of GASB 40, as amended by GASB 72.

**Fiduciary Trust Investments**

Money market mutual funds	\$ 32,359
Exchange traded funds - domestic	948,150
Mutual funds - domestic	4,824,710
Exchange traded funds - foreign	315,986
Mutual funds - international	1,127,469
Fixed income investments - credit	722,100
Fixed income investments - diversified taxable mutual funds	3,998,549
Fixed income investments - emerging markets	52,382
Hedge funds	487,909
Infrastructure	352,906
Traded real estate	136,698
	<u>\$ 12,999,218</u>

Since the investment strategies and associated risks for the City's Fiduciary Trust fund is substantially different than those of the remainder of the City, the investment disclosures for the Fiduciary Trust are presented separately.

The City has the following recurring fair value measurements as of June 30, 2016:

- Money market mutual funds are valued using quoted market prices (Level 1 inputs).
- Government securities are valued using a matrix pricing model (Level 2 inputs).
- The discretely presented component unit investments and fiduciary trust investments are valued using quoted market prices (Level 1 inputs).

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### **Interest Rate Risk**

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. As of September 30, 2016, the City had the following investments and maturities:

<b>Investment</b>	<b>Carrying Value</b>	<b>Investment Maturities (In Years)</b>	
		<b>Less than 1</b>	<b>1 - 5</b>
<b>City:</b>			
Money market mutual funds	\$ 885,196	\$ 885,196	\$ -
U.S. government security	5,006,925	5,006,925	-
	<u>\$ 5,892,121</u>	<u>\$ 5,892,121</u>	<u>\$ -</u>

Generally, all investments shall be held to maturity to avoid market losses. To enable investments to be held to maturity, investments shall be made in a manner that ensures the availability of funds on a timely and adequate basis for payment of general expenditures and capital outlay projects. Maturity limitations shall depend on fund type (i.e., short-term or long-term). All funds shall be considered short-term, except those for debt service reserves, capital projects, special assessment funds and trust funds, unless otherwise determined by the Investment Officer consistent with the policy.

Market price volatility risk and reinvestment risk shall be controlled through maturity diversification.

All repurchase agreements shall have a maturity of no longer than 30 days. No more than 15% of the City's portfolio shall be invested in repurchase agreements, unless approval has been obtained by the Board of Aldermen.

Short-term fund investment maturities shall be scheduled to coincide with projected cash flow needs, considering anticipated revenues and large routine expenditures (e.g. payroll). Short-term funds shall be invested in instruments whose maturities do not exceed one year at the time of purchase.

At no time shall the City invest short-term funds with a maturity date of over one year without the approval of the Board of Aldermen prior to commitment of such funds.

Debt service reserve funds may be invested for a period corresponding to the maturity on the bonds that such debt service reserve fund secures. All other long-term funds may be invested with maturities that generally coincide with the expected fund uses. Long-term funds may only be invested in investments that are permitted in the policy.

#### **Investment Credit Risk**

The City will minimize the credit risk, the risk of loss due to failure of the security issuer or backer, by pre-qualifying the financial institutions, broker/dealers, advisors and depositories with



## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

which the City will do business. The City will also diversify the portfolio so that potential losses on individual securities will be minimized.

The City's credit ratings associated with their investments are as follows:

Money market mutual funds	AAA
U.S. government security	AA

### Concentration of Credit Risk

The City's investment policy places no specific limits on the amount the City may invest in any one issuer as a percentage of the total portfolio, with the exception of repurchase agreements, which are limited to 15% of the portfolio. The City employs the "prudent person" standard, as defined in the policy, to determine the instrument type and maturity that the City invest its funds in. As of September 30, 2016, the City had \$5,006,925 invested in a U.S. government security that was not subject to concentration of credit risk.

### 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 its investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial credit risk by pre-qualifying institutions with which the City places investments, diversifying its investment portfolio and maintaining the "prudent person" standard of quality for its 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, by surety company bonds or by a single collateral pool established by the financial institution.

### Fiduciary Trust Investments

The Fiduciary Trust Fund is governed by City of St. Peters Post Retirement Medical Trust (the "Trust") guidelines. The Trust will be for the benefit of former employees who have retired directly from service with the City.

The Trust is authorized to invest in the following types of investments:

- a. Equity funds, which are primarily invested in common stocks of publicly traded companies, as well as securities that can be converted into common stocks. Equity strategies may include large, mid and small capitalization investments. International equity strategies may include developed markets and emerging markets investments.
- b. Fixed income, which may be comprised of individually managed bonds, mutual funds and exchange traded funds. Fixed income investments shall consist of U.S. Treasury Government Agencies, Corporate, Mortgage Backed, Taxable Municipal and Asset Backed Securities. A portion of the fixed income allocation may be invested in international, high yield and emerging market bond funds.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

#### Interest Rate Risk

As of September 30, 2016, the Trust had the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Not Applicable</u>	<u>Less Than 1</u>	<u>1 - 5</u>
<b>Fiduciary Trust:</b>				
Money Market Mutual Funds	\$ 32,359	\$ -	\$ 32,359	\$
Exchange Traded Funds - Domestic	948,150	948,150		
Exchange Traded Funds - Foreign	315,986	315,986		
<b>Mutual Funds:</b>				
Domestic	4,824,710	4,824,710		
International	1,127,469	1,127,469		
Fixed Income - Diversified Taxable	3,998,549		3,998,549	
Fixed Income Investments - Credit	722,100		722,100	
Fixed Income Investments - Emerging Markets	52,382		52,382	
Hedge Funds	487,909	487,909		
Infrastructure	352,906	352,906		
Traded Real Estate	136,698	136,698		
	\$ 12,999,218	\$ 8,193,828	\$ 4,805,390	\$

The Trust plan requires active managers to manage the effective duration of their portfolio type comparable to their peers and relative to specific indices outlined in the Plan's policies.

#### Custodial Credit Risk

The Trust plan does not have a specific policy addressing custodial credit risk. The Pension Trust was not subject to custodial credit risk this year.

#### Investment Credit Risk

The Trust plans investment policies limit its investment choices, as documented above. The credit ratings associated with their investments subject to credit risk have average ratings by Standard & Poor's or Moody's as follows:

<u>Ratings</u>	<u>Investment Type</u>						
	<u>Money Market Mutual Funds</u>	<u>Fixed Income Mutual Funds</u>	<u>Fixed Income Investments Emerging Markets</u>	<u>Fixed Income Credit</u>	<u>Infrastructure</u>	<u>Unrated</u>	
AAA	\$ 32,359	\$ 3,998,549	\$ -	\$ -	\$ -	\$	
A				722,100	352,906		
BBB			52,382				
Unrated							7,840,922
	\$ 32,359	\$ 3,998,549	\$ 52,382	\$ 722,100	\$ 352,906	\$	\$ 7,840,922

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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#### **Concentration of Investment Credit Risk**

The Trust's investment policy allows the following ranges for asset classes:

Equity	40% to 60%
Fixed Income	10% to 40%
Money Markets	1% to 40%
Alternative Investments*	up to 10%

\* including pooled real estate/real estate investment trusts, hedge funds, commodity funds, etc.

Concentration of credit risk is required to be disclosed by the City for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). At September 30, 2016, the Fiduciary Trust Fund's investments were not subject to concentration of credit risk.

### **3. PROPERTY TAX**

The City's property tax is levied annually, on or before September 1, based on the assessed valuation of property located in the City as of the previous January 1. Assessed valuations are established by the St. Charles County Assessor. The City tax rate was levied at \$.77 per \$100 of assessed valuation, of which \$.6095 is for general revenue purposes and \$.1605 is for the payment of principal and interest on general obligation bonds. Taxes billed November 1, are due and collectible on December 31, and are delinquent and represent a lien on related property on January 1 of the following year. Taxes are billed, collected and remitted to the City by the St. Charles County Collector.

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016:

	Balance October 1, 2015	Additions and transfers	Retirements and transfers	Balance September 30, 2016
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 165,378,600	\$ 3,096,812	\$ -	\$ 168,475,412
Construction in progress	8,962,506	4,732,109	6,704,695	6,989,920
<b>Total capital assets not being depreciated</b>	174,341,106	7,828,921	6,704,695	175,465,332
<b>Capital assets, being depreciated:</b>				
Structures and improvements	54,751,846	494,388	400,649	54,845,585
Machinery and equipment	13,897,206	425,134	2,900,200	11,422,140
Furniture and fixtures	318,362	-	86,697	231,665
Vehicles	6,822,644	1,310,897	408,306	7,725,235
Infrastructure	240,943,233	10,299,325	3,911,268	247,331,290
<b>Total capital assets being depreciated</b>	316,733,291	12,529,744	7,707,120	321,555,915
<b>Less - accumulated depreciation for:</b>				
Structures and improvements	23,431,398	1,856,979	378,641	24,909,736
Machinery and equipment	11,938,032	724,866	2,854,393	9,808,505
Furniture and fixtures	251,357	22,951	85,725	188,583
Vehicles	4,989,889	707,238	405,879	5,291,248
Infrastructure	126,093,584	7,924,273	3,867,113	130,150,744
<b>Total accumulated depreciation</b>	166,704,260	11,236,307	7,591,751	170,348,816
<b>Total capital assets being depreciated, net</b>	150,029,031	1,293,437	115,369	151,207,099
<b>Governmental activities, capital assets, net</b>	<u>\$ 324,370,137</u>	<u>\$ 9,122,358</u>	<u>\$ 6,820,064</u>	<u>\$ 326,672,431</u>

# CITY OF ST. PETERS, MISSOURI

## *Notes to Basic Financial Statements (continued)*

	Balance October 1, 2015	Additions and Transfers	Retirements and Transfers	Balance September 30, 2016
<b>Business-Type Activities:</b>				
<b>Waterworks/Sanitary Sewer:</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land rights	\$ 1,289,356	\$ -	\$ -	\$ 1,289,356
Construction in progress	333,846	972,559	355,082	951,323
<b>Total capital assets not being depreciated</b>	<u>1,623,202</u>	<u>972,559</u>	<u>355,082</u>	<u>2,240,679</u>
<b>Capital assets, being depreciated:</b>				
Structures and improvements	58,152,211	316,000	-	58,468,211
Water lines	24,127,370	259,434	-	24,386,804
Sewer lines	22,685,522	2,605,325	-	25,290,847
Machinery, equipment and vehicles	5,624,978	415,285	201,741	5,838,522
<b>Total capital assets being depreciated</b>	<u>110,590,081</u>	<u>3,596,044</u>	<u>201,741</u>	<u>113,984,384</u>
<b>Less: Accumulated depreciation for:</b>				
Structures and improvements	32,480,538	1,307,381	-	33,787,919
Water lines	8,823,591	511,764	-	9,335,355
Sewer lines	8,595,645	479,764	-	9,075,409
Machinery, equipment and vehicles	4,186,503	442,010	201,741	4,426,772
<b>Total accumulated depreciation</b>	<u>54,086,277</u>	<u>2,740,919</u>	<u>201,741</u>	<u>56,625,455</u>
 <b>Total capital assets being depreciated, net</b>	<u>56,503,804</u>	<u>855,125</u>	<u>-</u>	<u>57,358,929</u>
<b>Waterworks/sanitary sewer capital assets, net</b>	<u>\$ 58,127,006</u>	<u>\$ 1,827,684</u>	<u>\$ 355,082</u>	<u>\$ 59,599,608</u>
 <b>Solid Waste:</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land rights	\$ -	\$ -	\$ -	\$ -
Construction in progress	72,490	-	72,490	-
<b>Total capital assets not being depreciated</b>	<u>72,490</u>	<u>-</u>	<u>72,490</u>	<u>-</u>
<b>Capital assets, being depreciated:</b>				
Structures and improvements	703,617	-	-	703,617
Machinery and equipment	1,082,721	-	879,700	203,021
Vehicles	5,822,208	878,606	37,316	6,663,498
<b>Total capital assets being depreciated</b>	<u>7,608,546</u>	<u>878,606</u>	<u>917,016</u>	<u>7,570,136</u>
<b>Less: Accumulated depreciation for:</b>				
Structures and improvements	592,752	20,267	-	613,019
Machinery and equipment	1,038,480	27,172	875,669	189,983
Vehicles	4,326,231	592,728	37,316	4,881,643
<b>Total accumulated depreciation</b>	<u>5,957,463</u>	<u>640,167</u>	<u>912,985</u>	<u>5,684,645</u>
 <b>Total capital assets being depreciated, net</b>	<u>1,651,083</u>	<u>238,439</u>	<u>4,031</u>	<u>1,885,491</u>
<b>Solid waste capital assets, net</b>	<u>\$ 1,723,573</u>	<u>\$ 238,439</u>	<u>\$ 76,521</u>	<u>\$ 1,885,491</u>

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

	<b>Balance October 1, 2015</b>	<b>Additions and Transfers</b>	<b>Retirements and Transfers</b>	<b>Balance September 30, 2016</b>
<b>Business-Type Activities (continued):</b>				
<b>Central Materials Processing Facility:</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land rights	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	-	-	-	-
<b>Capital assets, being depreciated:</b>				
Structures and improvements	4,685,224	-	-	4,685,224
Machinery and equipment	1,923,167	222,006	119,742	2,025,431
Vehicles	161,908	-	-	161,908
<b>Total capital assets being depreciated</b>	6,770,299	222,006	119,742	6,872,563
<b>Less: Accumulated depreciation for:</b>				
Structures and improvements	2,970,058	169,264	-	3,139,322
Machinery and equipment	1,638,567	107,156	119,742	1,625,981
Vehicles	161,908	-	-	161,908
<b>Total accumulated depreciation</b>	4,770,533	276,420	119,742	4,927,211
<b>Total capital assets being depreciated, net</b>	1,999,766	(54,414)	-	1,945,352
<b>Central Materials Processing Facility capital assets, net</b>	\$ 1,999,766	\$ (54,414)	\$ -	\$ 1,945,352
<b>Recreation:</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land rights	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	-	-	-	-
<b>Capital assets, being depreciated:</b>				
Structures and improvements	50,418,876	901,604	58,430	51,262,050
Machinery and equipment	1,929,406	241,960	125,672	2,045,694
Furniture and fixtures	16,540	-	-	16,540
Vehicles	72,140	-	-	72,140
<b>Total capital assets being depreciated</b>	52,436,962	1,143,564	184,102	53,396,424
<b>Less: Accumulated depreciation for:</b>				
Structures and improvements	23,321,435	1,897,396	55,383	25,163,448
Machinery and equipment	1,296,450	146,147	125,672	1,316,925
Furniture and fixtures	16,540	-	-	16,540
Vehicles	66,322	5,819	-	72,141
<b>Total accumulated depreciation</b>	24,700,747	2,049,362	181,055	26,569,054
<b>Total capital assets being depreciated, net</b>	27,736,215	(905,798)	3,047	26,827,370
<b>Recreation capital assets, net</b>	\$ 27,736,215	\$ (905,798)	\$ 3,047	\$ 26,827,370

Capitalized interest totaling \$1,489,114 and \$1,506,631 is included in the Recreation Fund and Waterworks/Sanitary Sewer Fund capital assets, respectively.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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

**Governmental Activities:**

General government	\$ 283,098
Administration	222,384
Police	924,735
Public works	8,463,989
Engineering	95,933
Maintenance	15,406
Health	170,395
Parks and recreation	949,630
Communications	63,423
Community and arts	47,314

**Total depreciation expense -  
governmental-type activities**

\$ 11,236,307

**Business-Type Activities:**

Waterworks/sanitary sewer	\$ 2,740,919
Solid waste	640,167
Central materials processing facilities	276,420
Recreation	2,049,362

**Total depreciation expense -  
business-type activities**

\$ 5,706,868

## **5. EMPLOYEES' RETIREMENT SYSTEM**

*Plan description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

*Benefits provided.* LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

	<u>2016 Valuation</u>
Benefit Multiplier	2.00%
Final Average Salary	3 Years
Member Contributions	4.00%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees covered by benefit terms.* At September 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	179
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>397</u>
	<u>645</u>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 14.1% (General) and 13.9% (Police) of annual covered payroll.

*Net Pension Liability.* The employer's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

*Actuarial assumptions.* The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for both males and females.

Both the post-retirement and pre-retirements tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.



# CITY OF ST. PETERS, MISSOURI

## *Notes to Basic Financial Statements (continued)*

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

*Discount rate.* The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

### Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at September 30, 2015</b>	<b>\$ 129,032,361</b>	<b>\$ 128,713,715</b>	<b>\$ 318,646</b>
<b>Changes for the year:</b>			
Service cost	3,228,465	-	3,228,465
Interest	9,329,666	-	9,329,666
Difference between expected and actual experience	(2,000,550)	-	(2,000,550)
Changes in assumptions	4,255,947	-	4,255,947
Contributions - employer	-	3,694,805	(3,694,805)
Contributions - employee	-	1,030,281	(1,030,281)
Net investment income	-	(348,467)	348,467
Benefit payments, including refunds	(3,935,468)	(3,935,468)	-
Administrative expense	-	(53,004)	53,004
Other changes	-	(772,351)	772,351
<b>Net changes</b>	<b>10,878,060</b>	<b>(384,204)</b>	<b>11,262,264</b>
<b>Balances at September 30, 2016</b>	<b>\$ 139,910,421</b>	<b>\$ 128,329,511</b>	<b>\$ 11,580,910</b>

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

<b>Current Single Discount</b>		
<b>1% Decrease</b>	<b>Rate Assumption</b>	<b>1% Increase</b>
<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>
\$ 33,147,218	\$ 11,580,910	\$ (6,097,760)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2016 the employer recognized government-wide pension expense of \$6,340,191. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ 2,707,250
Differences in assumptions	3,557,541	-
Excess (deficit) investment returns	11,677,288	-
Contributions subsequent to the measurement date*	895,258	-
Total	<u>\$ 16,130,087</u>	<u>\$ 2,707,250</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30,</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ 3,380,859
2017	3,380,859
2018	3,380,856
2019	2,069,482
2020	324,220
Thereafter	(8,697)
	<u>\$ 12,527,579</u>

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

#### Payable to the Pension Plan

At September 30, 2016, the City reported a payable of \$529,508 for the outstanding amount of required contributions to the pension plan for the year ended September 30, 2016.

## **6. LONG-TERM LIABILITIES**

The original issue amount and fund maturity date for each bond outstanding is as follows:

	<b>Original Authorized/ Issued Amount</b>	<b>Date of Maturity</b>
<b>General Obligation:</b>		
Series 2010A Refunding	2,520,000	March 2021
Series 2010B	3,790,000	September 2030
Series 2012	4,000,000	September 2032
Series 2014	9,675,000	September 2034
Series 2015 Refunding	7,050,000	March 2027
Series 2016	8,000,000	March 2036
Series 2016 Refunding	16,170,000	March 2035
<b>Tax Increment Revenue:</b>		
Series 2001	9,900,000	December 2015
<b>Revenue Bonds:</b>		
Series 2003	12,970,000	May 2023
Series 2007	21,445,000	May 2032
Series 2009	5,000,000	May 2029
Series 2015	7,500,000	May 2040
<b>Certificates of Participation:</b>		
Series 2010A	870,000	May 2019
Series 2010B	8,805,000	May 2030
Series 2010C Refunding	1,725,000	June 2024
Series 2013 Refunding	18,540,000	May 2031
<b>Development Notes (Premier 370 Project):</b>		
Series 2008A	17,500,000	September 2028

# CITY OF ST. PETERS, MISSOURI

## *Notes to Basic Financial Statements (continued)*

	Balance - October 1, 2015	Additions	Retirements	Balance - September 30, 2016	Current Portion
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Series 2008	\$ 16,000,000	\$ -	\$ 16,000,000	\$ -	\$ -
Series 2010A Refunding	1,890,000	-	295,000	1,595,000	300,000
Series 2010B Refunding	3,790,000	-	-	3,790,000	-
Series 2011 Refunding	730,000	-	730,000	-	-
Series 2012	3,495,000	-	175,000	3,320,000	180,000
Series 2014	9,290,000	-	380,000	8,910,000	385,000
Series 2015 Refunding	7,050,000	-	50,000	7,000,000	550,000
Series 2016	-	8,000,000	-	8,000,000	275,000
Series 2016 Refunding	-	16,170,000	-	16,170,000	170,000
Neighborhood Improvement District					
Limited General Obligation Bonds:					
Series 2006	6,700	-	6,700	-	-
Annual Appropriation Bonds:					
Tax Increment Revenue Notes:					
Tax-exempt - Series 2001	1,642,000	-	1,642,000	-	-
Certificates of Participation:					
Series 2010A - Refunding portion	190,000	-	55,000	135,000	55,000
Series 2010B - Build America Bonds	7,050,000	-	370,000	6,680,000	380,000
Series 2010C - Refunding portion	1,255,000	-	125,000	1,130,000	125,000
Series 2013 - Refunding	865,000	-	275,000	590,000	290,000
Development Notes, Series A	13,305,000	-	-	13,305,000	-
Compensated absences	1,380,810	2,078,681	2,143,741	1,315,750	1,315,750
	<u>\$ 67,939,510</u>	<u>\$ 26,248,681</u>	<u>\$ 22,247,441</u>	71,940,750	<u>\$ 4,025,750</u>
Add: Unamortized premium				1,298,562	
Less: Unamortized discount				(113,341)	
<b>Total Governmental Activities</b>				<u>\$ 73,125,971</u>	
<b>Business -Type Activities:</b>					
Water/Sewer Revenue Bonds:					
Capital Appreciation Series 2003	\$ 10,880,000	\$ -	\$ 1,360,000	\$ 9,520,000	\$ 1,360,000
Capital Appreciation Series 2007	19,505,000	-	500,000	19,005,000	500,000
Revenue Bonds Series 2009	4,925,000	-	125,000	4,800,000	175,000
Revenue Bonds Series 2015	7,500,000	-	-	7,500,000	-
Annual Appropriation Bonds:					
Certificates of Participation:					
Series 2013 - Refunding	15,535,000	-	735,000	14,800,000	760,000
Compensated absences	449,766	700,686	673,681	476,771	476,771
	<u>\$ 58,794,766</u>	<u>\$ 700,686</u>	<u>\$ 3,393,681</u>	56,101,771	<u>\$ 3,271,771</u>
Add: Unamortized premium				297,285	
Less: Unamortized discount				(214,098)	
Unaccrued capital appreciation on bonds				(8,313,268)	
<b>Total Business-Type Activities</b>				<u>\$ 47,871,690</u>	

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

#### Debt Service Requirements To Maturity (Including Public Improvement Corporation)

The annual principal requirements to maturity of bonded debt outstanding as of September 30, 2016, assuming the Certificates of Participation lease/purchase agreement is renewed each year, are as follows:

Years Ending September 30,	Governmental Activities				Business-Type Activities				Total Debt Service Requirements To Maturity	
	General Obligation and Special Assessment		Annual Appropriation		Revenue Bonds		Annual Appropriation		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2017	1,860,000	1,369,527	850,000	453,400	2,035,000	456,995	760,000	588,873	5,505,000	2,868,795
2018	1,930,000	1,295,165	880,000	419,236	2,090,000	451,745	790,000	558,895	5,690,000	2,725,041
2019	1,980,000	1,245,795	560,000	375,354	2,140,000	443,870	810,000	534,518	5,490,000	2,599,537
2020	2,035,000	1,192,485	555,000	350,165	2,165,000	434,245	845,000	502,118	5,600,000	2,479,013
2021	2,420,000	1,134,290	570,000	324,173	2,190,000	423,745	880,000	468,318	6,060,000	2,350,526
2022-2026	13,125,000	4,622,010	2,850,000	1,175,313	10,885,000	1,912,069	4,850,000	1,861,113	31,710,000	9,570,505
2027-2031	14,600,000	2,709,668	2,270,000	361,563	10,105,000	1,460,916	5,865,000	811,460	32,840,000	5,343,607
2032-2036	10,835,000	674,259	-	-	5,205,000	1,154,306	-	-	16,040,000	1,828,565
2037-2040	-	-	-	-	4,010,000	369,751	-	-	4,010,000	369,751
	<u>\$ 48,785,000</u>	<u>\$ 14,243,199</u>	<u>\$ 8,535,000</u>	<u>\$ 3,459,204</u>	<u>\$ 40,825,000</u>	<u>\$ 7,107,642</u>	<u>\$ 14,800,000</u>	<u>\$ 5,325,295</u>	<u>\$ 112,945,000</u>	<u>\$ 30,135,340</u>

#### General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net position, were issued to finance various capital projects. \$1,073,636 is available in the City's Debt Service Funds to repay general obligation bonds. The remainder of the general obligation bonds are to be repaid from future property tax levies. The bonds bear interest at rates ranging from .60% to 3.60% and mature through 2036.

#### Revenue Bonds

All revenue bonds payable are recorded in the appropriate enterprise funds since the ordinances authorizing the bond issues require that the bonds be repaid from operations of the respective enterprise fund. These bonds are payable solely from, and secured by, a pledge of the net revenues to be derived from the operation of the Waterworks and Sewerage System. The bond ordinances require the establishment of certain cash reserve accounts which are described in Note 6. These bonds bear interest at rates ranging from 3.3% to 5.25% and mature through 2040.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$42.8 million in water system revenue bonds, Series 2003, Series 2007, Series 2009, and Series 2015. Proceeds from the bonds provided financing for the Waterworks and Sewerage System. The bonds are payable solely from water customer net revenues and are payable through May 2040. The total principal and interest remaining to be paid on the bonds is \$47,932,642. Principal and interest paid for the current year and total customer net revenues were \$2,345,480 and \$3,132,897 respectively.

#### Certificates of Participation

Certificates of Participation ("COPS") evidence proportionate ownership interest in the right to receive rental payments to be paid by the City under various lease/purchase agreements. The American Recovery and Reinvestment Act of 2009 authorizes the City to issue taxable obligations

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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known as “Build America Bonds” to finance capital expenditures for which it could otherwise issue tax-exempt obligations and to elect to receive a subsidy payment, on each payment date, from the United States Treasury up to 35% of the amount of each interest payment on the Build America Bonds. During 2010, the City made an irrevocable election to issue the Certificates as Build America Bonds. The US Treasury Interest Subsidy will be paid directly to the City. The City intends to apply, but has not pledged, the US Treasury Interest Subsidy to payment of the Certificates. Additionally, no holder of any Build America Bonds issued by the City will be entitled to any federal income tax credits associated with the Build America Bonds.

The purpose of the Series 2010C Certificates is to refund \$1,765,000 principal amount of outstanding PIC Leasehold Revenue Bonds, Series 2003. The Series 2010C Certificates are non-taxable, bear interest at rates ranging from 2.00% to 3.75% and mature September 2024.

The purpose of the Series 2010A Certificates is to refund \$1,190,000 principal amount of outstanding PIC Leasehold Revenue Bonds, Series 2002. The Series 2010A Certificates are non-taxable, bear interest at rates ranging from 1.0% to 3.6% and mature May 2019. The purpose of the Series 2010B Certificates (Build America Bonds) is to construct and reconstruct certain roads in the City. The Series 2010B Certificates are taxable, bear interest at rates ranging from 1.25% to 6.25% and mature May 2030.

The purpose of the Series 2013 Certificates is to refund \$20,045,000 principal amount of the outstanding Series 2006A. The Series 2013 Certificates bear interest at rates ranging from 2.0% to 4.6% and mature May 2031.

#### Development Notes (Premier 370 Project)

The City has a reimbursement agreement with the Premier 370 Project Developer. The Developer intends to construct on the property certain public infrastructure improvements (“Public Improvements”) and other improvements for industrial and commercial uses (“Development”), all of which will help to improve the social and economic welfare of the City and enhance the tax base on the City.

To ensure the economic stability of the project, the City has agreed to reimburse the Developer for a portion of certain costs related to the Public Improvements for the construction of an Interchange.

On December 14, 2006, the City authorized the issuance of Development Notes (Series A and B) not to exceed \$19 million and was subsequently reduced to \$18 million and ultimately \$17.5 million. As of September 30, 2016, the City has issued \$15,945,000 of Development Notes (Series A) for the Premier 370 project. The Series A Notes are tax-exempt and bear interest at 5.675%. Principal and interest is payable on February 1, May 1, August 1 and November 1 and final payment is due on September 15, 2028.

The notes represent special, limited obligations of the City. Principal and interest are payable from pledged revenues, as defined in the agreement. Upon substantial completion of the Public Improvements, the Developer will dedicate and convey to the City, along with all necessary easements and rights of way.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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For the current year, principal and interest paid and pledged revenues were \$4,871 and \$7,521, respectively.

#### Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. This does not include an additional debt limit of 10% assessed valuation available for street improvements or waterworks and electric plants as provided under the statutes of the State of Missouri. The computation is as follows:

Assessed valuation - 2015 tax year	\$ 1,080,409,127
Debt limit - 10% of assessed valuation	108,040,913
Amount of debt applicable to debt limit:	
Total general obligation bonded debt	48,785,000
Less: Amount available in debt service fund	(1,059,232)
Bond indebtedness applicable to debt limit	<u>47,725,768</u>
Legal debt margin	<u>\$ 60,315,145</u>

## **7. DEBT DEFEASANCE**

On February 4, 2016, the City issued \$16,170,000 in General Obligation Refunding Bonds, Series 2016 with interest rates ranging between 2.0% and 3.0%. The City issued the bonds to advance refund the remaining \$16,000,000 of outstanding principal on the General Obligation Bonds, Series 2008. The net proceeds of \$16,517,710 (after bond premium of \$579,527 and issuance cost of \$231,817) plus an additional \$844,113 of City debt service fund monies were used to purchase United States government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service on the Series 2008 bonds. As a result, the Series 2008 bonds are considered defeased, and the City has removed that liability from the governmental activities statement of net position. At September 30, 2016, the outstanding balance of the Series 2008 defeased debt is \$15,495,000.

The advance refunding results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$505,000.

On May 6, 2015, the City issued \$7,050,000 in General Obligation Refunding Bonds, Series 2015 with interest rates ranging between 2.0% and 3.0%. The City issued the bonds to advance refund the remaining \$7,000,000 of outstanding principal on the General Obligation Bonds, Series 2007. The Series 2007 bonds are considered defeased, and the City has removed the liability from the governmental activities statement of net position. At September 30, 2016, the outstanding balance of the Series 2007 defeased debt is \$7,000,000. The defeased bonds will be redeemed on March 1, 2017.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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#### **8. ENTERPRISE FUNDS DEBT REQUIREMENTS**

Cash and cash equivalents and investments restricted at September 30, 2016 are as follows:

Revenue Fund	\$ 85,567
Depreciation Fund	225,000
Interest Reserve Fund	500,000
Series 2003 Waterworks and Sewage Bond Debt Service Fund	680,000
Series 2007 Waterworks and Sewage Bond Debt Service Fund	250,000
Series 2009 Waterworks and Sewage Bond Debt Service Fund	183,294
Series 2015 Waterworks and Sewage Bond Debt Service Fund	<u>129,638</u>
Subtotal restricted for debt service	2,053,499
Series 2015 Waterworks and Sewage Bond Proceeds	<u>4,339,937</u>
Total restricted cash and investments	<u>\$ 6,393,436</u>

The various Leasehold and other Revenue Bond, Certificates of Participation and related documents provide for the restriction of operating revenues of the enterprise fund after current operating expenses have been met. The Ordinance also provides for additional restrictions of operating revenues. The following are descriptions of the related reserve requirements:

##### Revenue Fund

Requirements - deposit of the gross earnings (excluding tap-on fees) of the Waterworks and Sewer System as collected, to be disbursed to the following funds as required.

##### Series 2003 Waterworks and Sewage Revenue Bonds Debt Service Fund

Requirements - monthly credit (1/12) of the debt service payment due the next succeeding May 1.

##### Series 2007 Waterworks and Sewage Revenue Bonds Debt Service Fund

Requirements - monthly credit (1/12) of the debt service payment due the next succeeding May 1.

##### Series 2009 Waterworks and Sewage Revenue Bonds Debt Service Fund

Requirements - monthly credit (1/12) of the debt service payment due the next succeeding May 1.

##### Series 2015 Waterworks and Sewage Revenue Bonds Debt Service Fund

Requirements - monthly credit (1/6) of the amount of interest that will come due on the next succeeding interest payment date. Beginning in 2032, the monthly credit will be (1/12) of the debt service payment due on the next succeeding maturity date.

##### Depreciation Fund

Requirements - initial transfer and credit of \$225,000 to be used only for making emergency replacements and repairs and necessary extensions and enlargements to the Waterworks and Sewerage System. In the event monies are drawn from this fund, the City will replenish the fund to \$225,000 by making 24 equal monthly deposits into the fund in the 24 months immediately succeeding the use.



## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

#### Interest Reserve Fund

Requirements - initial transfer and credit of \$500,000 and thereafter such amounts as appropriated by the Board of Alderman of the City from the Contingency Account, the General Fund of the City, or other available funds of the City. Monies in the Interest Reserve Fund shall be held and used by the City to make up any deficiency in any of the accounts or subaccounts in the Revenue Fund and may be withdrawn by the City at any time and applied to its general governmental purposes if not required to satisfy the City's rate covenant.

#### Rate Covenant

Requirements - the City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by the Waterworks and Sewer System to provide revenues in each fiscal year to pay for the operating costs of the system, the bond principal and interest payments, and any required deposits. Such rates should generate available revenues (net revenues plus interest reserve fund monies) at least equal to 125% of the principal and interest requirements on all waterworks and sewerage system bonds during the fiscal year and net revenues at least equal to 100% of the principal and interest requirements on all waterworks and sewerage system revenue bonds during the fiscal year.

As of September 30, 2016, the City met all related debt reserve requirements.

## 9. INTERFUND BALANCES AND TRANSFERS

The following represents a reconciliation of transfers between individual funds for the fiscal year ended September 30, 2016:

	Transfers From	Transfers To	Net Transfers
<b>Major Governmental Funds:</b>			
General	\$ 949,073	\$ 1,853	\$ (947,220)
Transportation Trust	-	527,240	527,240
Local Parks and Stormwater	1,957,317	-	(1,957,317)
Debt Service	-	1,825,077	1,825,077
Capital Projects	1,252	-	(1,252)
<b>Nonmajor Governmental Funds:</b>			
Neighborhood Improvement District	601	-	(601)
Community Development Block Grant	43,290	-	(43,290)
Community Development Block Grant - Subrecipient	-	43,290	43,290
<b>Major Enterprise Funds:</b>			
Recreation	-	554,073	554,073
	<u>\$ 2,951,533</u>	<u>\$ 2,951,533</u>	<u>\$ -</u>

Interfund transfers of \$795,000 from the General Fund and \$1,030,077 from the Local Parks and Stormwater Fund were made to the Debt Service Fund for debt payments.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

An interfund transfer of \$527,240 was made from the Local Parks and Stormwater Fund to the Transportation Trust Fund for stormwater expenses associated with the Mexico Road Pedestrian Bridge Project.

An interfund transfer of \$400,000 was made from the Local Parks and Stormwater Fund to the Recreation Fund for operating support.

An interfund transfer of \$154,073 was made from the General Fund to the Recreation Fund for tourism activities.

An interfund transfer of \$1,252 was made from the Capital Projects Fund to the General Fund upon completion of the Justice Center.

An interfund transfer of \$601 was made from the Neighborhood Improvement District Fund to the General Fund to close the Fund.

An interfund transfer of \$43,290 was made from the Community Development Block Grant Fund to the Community Development Block Grant Subrecipient Fund to close the Fund.

Individual fund interfund receivable and payable balances as of September 30, 2016 are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
<b>Major Governmental Funds:</b>		
General	\$ 270,354	\$
Transportation Trust		62,823
Local Parks and Stormwater		4,481
<b>Nonmajor Governmental Funds:</b>		
Sewer Lateral Repair Program		58
Water Service Line Repair Program		37
Community Development Block Grant - Subrecipient		31,466
<b>Major Enterprise Funds:</b>		
Waterworks/Sanitary Sewer		138,093
Solid Waste		13,601
Central Materials Processing Facility		3,733
Recreation		16,062
	<hr/>	<hr/>
	\$ 270,354	\$ 270,354

The amounts due to or from individual funds represent interfund borrowings that arise in the normal course of business. Interfund borrowings are necessary due to the nature and timing of governmental receipts.

Interfund payables at September 30, 2016 include \$16,062 in the Recreation Fund, \$62,823 in the Transportation Trust Fund, \$4,481 in the Local Parks and Stormwater Fund, \$58 in the Sewer Lateral Repair Program Fund, \$37 in the Water Service Line Repair Program Fund, \$13,601 in the Solid Waste Fund, \$138,093 in the Waterworks/Sanitary Sewer Fund and \$3,733 in the Central Materials Processing Facility Fund are for reimbursement to the General Fund for insurance expense.

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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Interfund payables of \$31,466 in the CDBG - Subrecipient Fund are due to the elimination of negative cash balances.

#### **10. JOINT VENTURE**

In October 1985, the City of St. Peters, Missouri and the City of St. Charles, Missouri entered into a joint venture agreement to form the St. Peters - St. Charles Water Pipeline Project (the Joint Venture). The purpose of the Joint Venture is to construct and operate a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri and St. Charles, Missouri (the Owners), in order to adequately supply water by the pipeline to the citizens and businesses of the municipalities.

The Joint Venture is owned by the City of St. Peters, Missouri (31.8%) and the City of St. Charles, Missouri (68.2%). In accordance with the Joint Venture agreement, the City of St. Peters, Missouri is responsible for managing and accounting for the daily operations of the Joint Venture, except where concurrence of both cities is required. The Joint Venture receives all of its operating revenue from the water it sells to the Owners. The Owners financed the cost of construction of the pipeline and appurtenant facilities and, therefore, depreciation is excluded from the charges to the Owners. The cumulative investment in the Joint Venture by the City of St. Peters, Missouri through September 30, 2016 includes its proportionate share of water pipeline construction costs and an initial contribution to a water pipeline maintenance fund. Under terms of the Joint Venture agreement, additional contributions to maintain the water pipeline maintenance fund at an agreed-upon base amount may be required. The current base amount is \$500,000 which may be increased to a maximum of \$1,000,000 if maintenance costs so justify.

During the fiscal year 2016, the City of St. Peters, Missouri purchased water from the Joint Venture and paid related pumping charges totaling \$856,540. These costs are included as operating expenses of the City's waterworks/sanitary sewer enterprise fund.

Condensed summary of financial information for the Joint Venture as of and for its fiscal year ended September 30, 2016 is as follows:

Assets	<u>\$ 5,611,866</u>
Liabilities	<u>\$ 592,630</u>
Partnership capital:	
St. Peters	2,903,699
St. Charles	6,227,431
Accumulated deficit:	
St. Peters	(1,307,586)
St. Charles	<u>(2,804,308)</u>
	<u>\$ 5,611,866</u>
Operating revenue	\$ 2,139,634
Operating expenses	(2,303,206)
Nonoperating revenue	<u>1,216</u>
Net Loss	<u>\$ (162,356)</u>

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

The joint venture issues separate financial statements which may be obtained by writing to the St. Peters - St. Charles Water Pipeline Project, One St. Peters Centre Boulevard, St. Peters, Missouri 63376.

**11. INSURANCE PROGRAMS**

The City became self-insured with respect to workers' compensation, general liability and property and casualty insurance effective July 1, 1998 and medical insurance effective January 1, 1998. Unemployment compensation became effective in 1997. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims relating to these matters is recorded in the general fund.

The City obtains periodic funding information from the claims-servicing company managing the self-insurance programs and adjusts the charges to the various funds as required to maintain the appropriate level of estimated claims liabilities. The City maintains excess liability coverages for workers' compensation, general liability, property and casualty and medical costs. Settled claims did not exceed commercial coverages for each of the past three fiscal years.

At September 30, 2016, the City's total estimated liability for payment of incurred (both reported and unreported) but unpaid claims for workers' compensation, property, and medical costs were \$1,101,248.

Changes in the self-insured claims liabilities at September 30, 2016 and 2015 were as follows:

	<b>Workers'</b>		
	<b>Compensation/</b>		
	<b>General</b>	<b>Medical</b>	<b>Total</b>
<b>Balance - September 30, 2014</b>	\$ 615,226	\$ 600,000	\$ 1,215,226
Add: Current Year Claims And Changes in Estimate	426,528	4,707,686	5,134,214
Less: Claim Payments	455,287	4,707,686	5,162,973
Balance - September 30, 2015	586,467	600,000	1,186,467
Add: Current Year Claims And Changes in Estimate	562,943	5,008,101	5,571,044
Less: Claim Payments	648,162	5,008,101	5,656,263
<b>Balance - September 30, 2016</b>	<b>\$ 501,248</b>	<b>\$ 600,000</b>	<b>\$ 1,101,248</b>

**12. POSTEMPLOYMENT HEALTH CARE BENEFITS**

Plan Description

The City of St. Peters (City) sponsors a Postemployment Benefit Plan (Plan), which is a single-employer defined benefit healthcare plan administered by the City of St. Peters. The Plan is accounted for as a trust fund since an irrevocable trust has been established. A stand-alone

## CITY OF ST. PETERS, MISSOURI

### Notes to Basic Financial Statements (continued)

financial report is not available for the Plan. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. In order to be eligible, retirees must be at least age 55 (age 50 for Police employees) with 5 years of service, or have at least 80 points (age plus service), or be otherwise eligible to retire under the LAGERS Pension Plan. Spouses of retirees are eligible to continue participation after the death of the retiree.

Membership consisted of the following at October 1, 2014, the date of the latest actuarial valuation:

Active plan members	407
Retirees and beneficiaries	96
Terminated plan members entitled to but not yet receiving benefits	--
<b>Total</b>	<b><u>503</u></b>

### Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City; however, the City has no obligation to contribute to the Plan on an annual basis or to provide post-employment benefits to its employees. Money held in the trust is restricted for the provision of those benefits. For the fiscal year 2016, the City contributed \$1,175,900 to the Plan. Plan members receiving benefits contributed approximately \$144,368 through required contributions based on their years of service.

### Annual OPEB Cost And Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation (NOO):

1.	Annual required contribution (ARC)	\$ 1,779,000
2.	Interest on net OPEB obligation (NOO)	723,000
3.	Adjustment to ARC (Amortization of NOO)	<u>(535,000)</u>
4.	Annual OPEB cost (expense), (1) + (2) + (3)	1,967,000
5.	Employer contributions made	<u>(1,713,000)</u>
6.	Change in net OPEB obligation, (4) + (5)	254,000
7.	New OPEB obligation - beginning of year	10,323,577
8.	Net OPEB obligation - end of year, (6) + (7)	<u><u>\$ 10,577,577</u></u>

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2014	\$ 2,220,000	52.7%	\$ 9,930,577
2015	\$ 1,872,000	79.0%	\$ 10,323,577
2016	\$ 1,967,000	87.1%	\$ 10,577,577

### **Funded Status and Funding Progress**

As of October 1, 2014, the most recent actuarial valuation date, the plan was 49.2% funded. The actuarial accrual liability for benefits was \$24.8 million, and the actuarial value of assets was \$12.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.6 million. For the year ended September 30, 2016, the covered payroll (annual payroll of active employees covered by the plan) was \$25.9 million, and the ratio of the UAAL to the covered payroll was 48.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8% initially for pre 65 retirees and 7.0% initially for post 65 retirees, reduced by .5% each year to an ultimate rate of 4.5%. The health consumer price index is assumed to increase at a rate of 3% each year. Salaries include a 3.5% inflation assumption. The actuarial value of assets was set equal to the market value of assets. The UAAL is

## CITY OF ST. PETERS, MISSOURI

### *Notes to Basic Financial Statements (continued)*

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being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016, was 23 years.

### **13. COMMITMENTS AND CONTINGENCIES**

#### Litigation

The City is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of all of these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

#### Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

### **14. CONDUIT DEBT**

During the year ended September 30, 2010, the City authorized the issuance of \$26,500,000, Series 2010, Taxable Industrial Development Revenue Bonds to finance an industrial development project at 9 Cermak Boulevard for a Company in the City. The project consists of the Company's acquisition and installation of manufacturing machinery and equipment for use on the project site. The Company conveyed to the City title to the personal property included in the project. At the same time, the City leased the personal property back to the Company pursuant to a lease agreement. These bonds are secured by the property financed and are payable solely from revenues received from the project. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, County, State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. At September 30, 2016, \$14,978,218 of these Taxable Industrial Revenue Bonds have been issued and remain outstanding. As part of the agreement, the Company has agreed to create and maintain quality jobs for specified periods and the City has agreed to extend tax abatements to the Company in proportion to the jobs create for the years 2011-2017.

During the year ended September 30, 2013, the City authorized the issuance of \$26,500,000, Series 2012 Taxable Industrial Development Revenue Bonds for the same company to provide funds to acquire and improve an additional facility at 1 Gerber Industrial Court and to acquire and install additional project equipment at the Company's facilities in the City. Subsequently, the City increased the maximum amount of the 2012 Series Bonds to \$38,500,000 to provide funds to acquire and improve an additional facility located at 13-15 Arrowhead Industrial Boulevard and to acquire and install additional project equipment at the Company's facilities in the City. Under the Series 2012 Bonds, the Company acquired and constructed real and personal property improvements. The company conveyed to the City title to the site and the personal property

**CITY OF ST. PETERS, MISSOURI**

*Notes to Basic Financial Statements (continued)*

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included in the project. At the same time, the City leased the project site, improvements, there on and the personal property back to the Company pursuant to a lease agreement. At September 30, 2016, \$38,105,237 of these Taxable Industrial Revenue Bonds have been issued and remain outstanding.

The City authorized the issuance of \$31.5 million Taxable Industrial Revenue Bonds (Reckitt Benckiser LLC Logistics Center Project), Series 2016 for the purpose of acquiring certain real property and constructing an approximately 715,000 square foot facility to be used for warehousing, custom manufacturing and repackaging operations purposes. At September 30, 2016, the aggregate outstanding amount is \$5,545,988. The City has no obligation for repayment of this debt.

**15. ENCUMBRANCES**

The following encumbrances were outstanding as of September 30, 2016:

<b>Fund</b>	<b>Amount</b>
Major Governmental Funds:	
General	\$ 525,436
Transportation Trust	5,005,527
Local Parks and Stormwater	1,905,009
Capital Projects	3,983,631
	<u>11,419,603</u>
Nonmajor Governmental Funds	<u>2,782,781</u>
Major Enterprise Funds:	
Waterworks/Sanitary Sewer	1,974,668
Solid Waste	19,908
Central Materials Processing Facility	45,944
Recreation	81,892
	<u>2,122,412</u>
<b>Total</b>	<u><u>\$ 16,324,796</u></u>

**16. SUBSEQUENT EVENTS**

Subsequent to September 30, 2016, the City issued \$12,000,000 Series 2017 General Obligation Bonds in connection with the acquisition, construction, renovation installation and equipping of park and recreational facility improvements. The Series 2016 Bonds bear interest at rates ranging from 3.0% to 3.25% and mature February 1, 2037.

Subsequent to September 30, 2016, the City authorized the issuance of Taxable Industrial Revenue Bonds (2000 Premier Parkway Project), Series 2016, in the maximum principal amount of \$18,000,000, for the purpose of acquiring certain real property located at 2000 Premier Parkway in the City and constructing an approximately 252,000 square foot facility thereon to be used for warehousing purposes.



**17. RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In June 2015, the GASB approved Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” and Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The objective of these Statements is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) and establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. The requirements of Statement No. 74 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of Statement No. 75 are effective for fiscal years beginning after June 15, 2017.

In August 2015, the GASB approved Statement No. 77 “Tax Abatement Disclosures.” Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This statement requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

In January 2016, the GASB approved Statement No. 80, “Blending Requirements for Certain Component Units (an amendment of GASB Statement No. 14).” This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of the Statement are effective for reporting period beginning after June 15, 2016.

In April 2016, the GASB approved Statement No. 82, “Pension Issues (an amendment of GASB Statement No. 67, No. 68, and No. 73).” This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements regarding the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that case, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Basic Financial Statements (continued)*

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In November 2016, the GASB approved Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In January 2017, the GASB approved Statement No. 84, "Fiduciary Activities." This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The effects of the City's financial statements as a result of the adoption of these new pronouncements are unknown.

# CITY OF ST. PETERS, MISSOURI

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON INFORMATION - BUDGET BASIS - GENERAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Revised Final Budget		
<b>Revenues:</b>				
Sales tax	\$ 14,144,300	\$ 14,144,300	\$ 14,539,609	\$ 395,309
Property tax	7,196,100	7,196,100	7,388,343	192,243
Utility franchise tax	4,600,100	4,600,100	4,376,655	(223,445)
Cigarette tax	180,000	180,000	183,218	3,218
Licenses and permits	1,096,500	1,096,500	1,396,294	299,794
Interest	5,000	5,000	56,247	51,247
Intergovernmental	3,210,000	3,210,000	3,897,545	687,545
Fines and forfeitures	1,857,200	1,826,500	1,569,621	(256,879)
Charges for services	725,000	725,000	678,140	(46,860)
Miscellaneous	595,900	595,900	588,781	(7,119)
<b>Total Revenues</b>	<b>33,610,100</b>	<b>33,579,400</b>	<b>34,674,453</b>	<b>1,095,053</b>
<b>Expenditures:</b>				
General government	1,810,550	2,310,550	2,207,166	103,384
Administration	4,382,925	4,446,325	4,304,166	142,159
Police	12,877,065	12,877,065	11,968,434	908,631
Municipal court	482,110	482,110	430,355	51,755
Public works	2,109,300	2,109,300	2,104,395	4,905
Engineering	2,302,360	2,302,360	2,185,969	116,391
Maintenance	496,105	496,105	404,384	91,721
Health	725,655	725,655	678,494	47,161
Parks and recreation	5,197,015	5,197,015	4,764,996	432,019
Communications	1,003,900	1,003,900	959,724	44,176
Community and arts	201,275	201,275	190,139	11,136
Capital outlay	818,370	1,123,870	908,328	215,542
Debt service:				
Principal	330,000	330,000	330,000	-
Interest and fiscal charges	49,500	49,500	48,788	712
<b>Total Expenditures</b>	<b>32,786,130</b>	<b>33,655,030</b>	<b>31,485,338</b>	<b>2,169,692</b>
<b>Revenues Over (Under) Expenditures</b>	<b>823,970</b>	<b>(75,630)</b>	<b>3,189,115</b>	<b>3,264,745</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,853	1,853
Transfers out	(1,113,100)	(1,113,100)	(949,073)	164,027
<b>Total Other Financing Sources (Uses)</b>	<b>(1,113,100)</b>	<b>(1,113,100)</b>	<b>(947,220)</b>	<b>165,880</b>
<b>Net Changes in Fund Balance</b>	<b>(289,130)</b>	<b>(1,188,730)</b>	<b>2,241,895</b>	<b>3,430,625</b>
<b>Fund Balances:</b>				
Budget basis:				
Unreserved:				
Beginning of year	6,664,641	6,664,641	6,664,641	-
Transfer from (to) reserved	(379,760)	(1,890,259)	(1,940,733)	(50,474)
End of year	5,995,751	3,585,652	6,965,803	3,380,151
Reserved:				
Beginning of year	4,442,703	4,442,703	4,442,703	-
Transfer from (to) unreserved	379,760	1,890,259	1,940,733	50,474
End of Year	4,822,463	6,332,962	6,383,436	50,474
Budget basis, end of year	\$ 10,818,214	\$ 9,918,614	13,349,239	\$ 3,430,625
Budget basis receivable			(8,687)	
Budget basis prepaid item			(2,771)	
Encumbrances, end of year			525,436	
Property tax - deferred revenue, end of year			(271,282)	
Market value adjustment, end of year			(23,095)	
<b>GAAP basis, end of year</b>			<b>\$ 13,568,840</b>	

**CITY OF ST. PETERS, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON INFORMATION  
BUDGET BASIS - TRANSPORTATION TRUST FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Revised Final Budget</b>		
<b>Revenues:</b>				
Sales tax	\$ 7,072,150	\$ 7,072,150	\$ 7,269,803	\$ 197,653
Interest	2,000	2,000	2,605	605
Intergovernmental	6,035,095	3,026,540	2,843,898	(182,642)
Miscellaneous	210,000	210,000	521,442	311,442
<b>Total Revenues</b>	<b>13,319,245</b>	<b>10,310,690</b>	<b>10,637,748</b>	<b>327,058</b>
<b>Expenditures:</b>				
Public works	5,657,555	5,657,555	5,297,562	359,993
Capital outlay	9,105,885	6,421,845	5,762,682	659,163
Debt service	765,500	765,500	764,885	615
<b>Total Expenditures</b>	<b>15,528,940</b>	<b>12,844,900</b>	<b>11,825,129</b>	<b>1,019,771</b>
<b>Revenues Under Expenditures</b>	<b>(2,209,695)</b>	<b>(2,534,210)</b>	<b>(1,187,381)</b>	<b>1,346,829</b>
<b>Other Financing Sources:</b>				
Transfers in	378,675	632,725	527,240	(105,485)
<b>Net Changes In Fund Balance</b>	<b>(2,003,520)</b>	<b>(1,901,485)</b>	<b>(660,141)</b>	<b>1,241,344</b>
<b>Fund Balances:</b>				
Budget basis:				
Unreserved:				
Beginning of year	4,267,324	4,267,324	4,267,324	-
Transfer from (to) reserved	-	-	(1)	(1)
End of year	2,263,804	2,365,839	3,607,182	1,241,343
Reserved:				
Beginning of year	628,655	628,655	628,655	-
Transfer from (to) reserved	-	-	1	1
End of year	628,655	628,655	628,656	1
Budget basis, end of year	<u>\$ 2,892,459</u>	<u>\$ 2,994,494</u>	4,235,838	<u>\$ 1,241,344</u>
Budget basis receivable			(1,741,005)	
Budget basis prepaid item			(115,500)	
Encumbrances, end of year			<u>5,005,527</u>	
<b>GAAP basis, end of year</b>			<u><u>\$ 7,384,860</u></u>	

**CITY OF ST. PETERS, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON INFORMATION  
BUDGET BASIS – LOCAL PARKS AND STORMWATER FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
	<b>Original Budget</b>	<b>Revised Final Budget</b>		
<b>Revenues:</b>				
Sales tax	\$ 7,072,150	\$ 7,072,150	\$ 7,203,975	\$ 131,825
Interest	2,000	2,000	9,354	7,354
Intergovernmental	-	-	173,368	173,368
Charges for services	11,000	11,000	21,892	10,892
Miscellaneous	232,500	232,500	238,671	6,171
<b>Total Revenues</b>	<b>7,317,650</b>	<b>7,317,650</b>	<b>7,647,260</b>	<b>329,610</b>
<b>Expenditures:</b>				
Police	587,800	587,800	563,477	24,323
Public works	2,188,100	2,188,100	2,056,219	131,881
Parks and recreation	501,650	851,650	827,469	24,181
Capital outlay	3,394,300	3,761,624	3,378,558	383,066
Debt service	167,500	167,500	166,947	553
<b>Total Expenditures</b>	<b>6,839,350</b>	<b>7,556,674</b>	<b>6,992,670</b>	<b>564,004</b>
<b>Revenues Over (Under) Expenditures</b>	<b>478,300</b>	<b>(239,024)</b>	<b>654,590</b>	<b>893,614</b>
<b>Other Financing Uses:</b>				
Transfers out	(2,777,255)	(1,964,005)	(1,957,317)	6,688
<b>Net Changes in Fund Balance</b>	<b>(2,298,955)</b>	<b>(2,203,029)</b>	<b>(1,302,727)</b>	<b>900,302</b>
<b>Fund Balances:</b>				
Budget basis:				
Unreserved:				
Beginning of year	2,317,114	2,317,114	2,317,114	-
Transfers from (to) reserved	1,101,000	1,001,000	1,001,000	-
End of year	1,119,159	1,115,085	2,015,387	900,302
Reserved:				
Beginning of year	2,166,878	2,166,878	2,166,878	-
Transfers from (to) reserved	(1,101,000)	(1,001,000)	(1,001,000)	-
End of year	1,065,878	1,165,878	1,165,878	-
Budget basis, end of year	<b>\$ 2,185,037</b>	<b>\$ 2,280,963</b>	<b>3,181,265</b>	<b>\$ 900,302</b>
GAAP basis receivable				-
Encumbrances, end of year			1,905,009	
<b>GAAP basis, end of year</b>			<b>\$ 5,086,274</b>	

**CITY OF ST. PETERS, MISSOURI**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON INFORMATION  
BUDGET BASIS - SPECIAL ALLOCATION FUND - CITY CENTRE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Revised Final Budget</b>		
<b>Revenues:</b>				
Sales tax	\$ 218,700	\$ 533,660	\$ 533,655	\$ (5)
Property tax	81,600	-	(89,538)	(89,538)
Utility franchise tax	-	1,320	1,322	2
Interest	100	330	327	(3)
<b>Total Revenues</b>	<b>300,400</b>	<b>535,310</b>	<b>445,766</b>	<b>(89,544)</b>
<b>Expenditures:</b>				
General government	5,300	1,454,234	1,364,693	89,541
Capital outlay	-	349,410	349,407	3
Debt service	1,534,300	1,700,530	1,700,530	-
<b>Total Expenditures</b>	<b>1,539,600</b>	<b>3,504,174</b>	<b>3,414,630</b>	<b>89,544</b>
<b>Net Changes In Fund Balance</b>	<b>(1,239,200)</b>	<b>(2,968,864)</b>	<b>(2,968,864)</b>	<b>-</b>
<b>Fund Balances:</b>				
Budget basis:				
Unreserved:				
Beginning of year	1,268,601	1,268,601	1,268,601	-
Transfers from (to) reserved	1,223,736	1,700,263	1,700,263	-
End of year	1,253,137	-	-	-
Reserved:				
Beginning of year	1,700,263	1,700,263	1,700,263	-
Transfers from (to) reserved	(1,223,736)	(1,700,263)	(1,700,263)	-
End of year	476,527	-	-	-
Budget basis, end of year	<b>\$ 1,729,664</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Encumbrances, end of year			-	
<b>GAAP basis, end of year</b>			<b>\$ -</b>	

## **CITY OF ST. PETERS, MISSOURI**

### **NOTES TO BUDGETARY COMPARISON INFORMATION SEPTEMBER 30, 2016**

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#### **Budgetary Process**

The Board of Aldermen follow the procedures outlined below in establishing the budgetary data reflected in the financial statements:

1. On or before August 1, the City Administrator submits to the Mayor and Board of Aldermen a proposed operating budget for the general, special revenue (excluding NID), and debt service funds for the fiscal year commencing the following October 1. In addition, budgets for the waterworks/sanitary sewer, solid waste, central materials processing facility and recreation enterprise fund operations are prepared on a basis similar to that of the general governmental funds in order to better manage these operations. The operating budgets include proposed expenditures and the means of financing them. Expenditures may not legally exceed appropriations at the fund level.
2. The annual operating budgets are approved through the adoption of the budget ordinance by the affirmative vote of a majority of the members of the Board of Aldermen and approval by the Mayor on or before September 1 of the preceding budget year. If the budgets have not been passed and approved on or before the last day preceding the budget year (September 30), the budgets and appropriations for the current fiscal year shall be deemed to be rebudgeted and reappropriated for the budget year until a new budget is adopted and approved.
3. The City Administrator is authorized to transfer part, or all, of any unexpended balance among any departments within a given fund.
4. If it is determined that the original budgeted revenues and expenditures need to be increased or decreased, the Board of Aldermen may, by ordinance, make such changes in budgeted revenues and expenditures so long as the total budgeted expenditures do not exceed the amount of budgeted revenues plus beginning unencumbered fund balance.
5. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the Board of Aldermen may, by ordinance, reduce one or more appropriations.
6. Unencumbered appropriations lapse at year end.

The budgets for the general fund, the special revenue funds, and debt service funds are adopted on a basis which is consistent with accounting principles generally accepted in the United States of America (GAAP), except for the following:

- For GAAP purposes, expenditures are recognized primarily as incurred, whereas the City's budget basis recognizes encumbrances outstanding at year end as expenditures of the current period.

## **CITY OF ST. PETERS, MISSOURI**

### *Notes to Budgetary Comparison Information (continued)*

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- In the special revenue funds, certain nonexchange intergovernmental revenue is recognized differently for GAAP and budget basis purposes due to the related recognition (encumbrance) of reimbursable expenditures discussed above.
- Property tax revenue is recognized in the period for which it is levied, to the extent it is collected within the current period or expected to be collected within 60 days following the end of the fiscal period on a GAAP basis. Property tax revenue not received at year end is recorded as a deferred inflow of resources. Property tax revenue is recognized on a budget basis at the point in time that the tax is levied.



**CITY OF ST. PETERS, MISSOURI**

**EMPLOYEES' RETIREMENT SYSTEM –  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2016**

The following required supplementary information relates to the City of St. Peters' participation in Missouri LAGERS, an agent multiple-employer public retirement system.

**Schedule of Changes in Net Pension Liability and Related Ratios  
Last 10 Fiscal Years**

<i>Fiscal year ending September 30,</i>	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>		
Service cost	\$ 3,228,465	\$ 3,138,201
Interest on the total pension liability	9,329,666	8,844,697
Benefit changes	-	-
Difference between expected and actual experience	(2,000,550)	(1,517,411)
Assumption changes	4,255,947	-
Benefit payments, including refunds	(3,935,468)	(3,709,697)
<b>Net Change in Total Pension Liability</b>	<b>10,878,060</b>	<b>6,755,790</b>
<b>Total Pension Liability Beginning</b>	<b>129,032,361</b>	<b>122,276,571</b>
<b>Total Pension Liability Ending</b>	<b>\$ 139,910,421</b>	<b>\$ 129,032,361</b>
<b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 3,694,805	\$ 3,962,002
Contributions-employee	1,030,281	1,023,984
Pension plan net investment income	(348,467)	2,516,940
Benefit payments, including refunds	(3,935,468)	(3,709,697)
Pension plan administrative expense	(53,004)	(57,042)
Other	(772,351)	825,771
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(384,204)</b>	<b>4,561,958</b>
<b>Plan Fiduciary Net Position Beginning</b>	<b>128,713,715</b>	<b>124,151,757</b>
<b>Plan Fiduciary Net Position Ending</b>	<b>\$ 128,329,511</b>	<b>\$ 128,713,715</b>
<b>Employer Net Pension Liability</b>	<b>\$ 11,580,910</b>	<b>\$ 318,646</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>91.72%</b>	<b>99.75%</b>
<b>Covered Employee Payroll</b>	<b>\$ 25,802,519</b>	<b>\$ 25,347,479</b>
<b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	<b>44.88%</b>	<b>1.26%</b>

**Notes to schedule:**

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF ST. PETERS, MISSOURI**

**EMPLOYEES' RETIREMENT SYSTEM – SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2016**

**SCHEDULE OF CONTRIBUTIONS**

**Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$3,758,208	\$3,931,857	\$4,012,044	\$4,093,859	\$3,772,678	\$3,696,433	\$2,764,227	\$2,645,769	\$2,622,949	\$2,560,018
Contributions in relation to the actuarially determined contribution	3,758,208	3,931,858	3,957,591	3,629,022	3,277,500	2,996,125	2,764,226	2,645,769	2,622,950	2,560,017
Contribution deficiency (excess)	\$0	(\$1)	\$54,453	\$464,837	\$495,178	\$700,308	\$1	\$0	(\$1)	\$1

Covered-employee payroll

Contributions as a percentage of covered-employee payroll	\$26,757,662	\$25,580,737	\$24,990,193	\$24,230,840	\$23,449,756	\$23,075,203	\$23,072,006	\$22,304,334	\$21,420,367	\$20,480,141
	14.05%	15.37%	15.84%	14.98%	13.98%	12.98%	11.98%	11.86%	12.25%	12.50%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates for the most recent year include:

Valuation date	February 28/29 of each year
Notes	The roll-forward of total pension liability from February 29, 2016 to June 30, 2016 (measurement date) reflects expected service cost and interest reduced by actual benefit payments.
Actuarial cost method	Entry age normal cost and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 13 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
General inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.
	Both the post retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

**Other information:**

New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

**See accompanying independent auditors' report**

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS –  
OTHER POST-EMPLOYMENT BENEFIT PLAN  
SEPTEMBER 30, 2016**

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The following required supplementary information relates to the City's other post-employment benefits program.

**Schedule of Funding Progress:**

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability</b>	<b>(b-a) Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>(a/b) Funded Ratio</b>	<b>(c) Covered Payroll</b>	<b>((b-a)/c) UAAL as a Percentage of Covered Payroll</b>
09/30/14	10/01/12	\$ 9,924,000	\$ 25,156,000	\$ 15,232,000	39.4%	\$25,049,887	60.81%
09/30/15	10/01/14	\$12,231,000	\$ 24,872,000	\$ 12,641,000	49.2%	\$25,503,199	49.57%
09/30/16	10/01/14	\$12,231,000	\$ 24,872,000	\$ 12,641,000	49.2%	\$25,884,521	48.84%

**Schedule of Employer Contributions:**

<b>Year Ended September 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2014	\$ 2,059,000	56.87%
2015	\$ 1,692,000	87.41%
2016	\$ 1,779,000	96.29%

Note: The results shown above are based on plan provisions and long-term assumptions and methods summarized in Note 12.

**Nonmajor Governmental Funds**  
**Special Revenue Funds**

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Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Sewer Lateral Repair Program Fund - Used to account for money received from assessments on all residential property with six or less dwelling units. This money is used to repair defective lateral sewer service lines.

Water Service Line Repair Program Fund - Used to account for revenues received from a voter approved special property assessment used to assist in the repair of water service lines.

Special Allocation Fund - Old Town - Used to account for revenues generated by the Old Town TIF district.

Special Allocation Fund - Lakeside Redevelopment - Used to account for revenues generated by the Lakeside Redevelopment TIF district for the payment of debt service and other TIF related expenditures.

Community Development Block Grant Subrecipient Fund - Used to account for federal grant proceeds passed through St. Charles County to provide assistance to low and moderate income persons.

Neighborhood Improvement District Fund - Used to account for the use of bond proceeds for infrastructure improvements in the Crown Colony Phase One neighborhood improvement district.

**CITY OF ST. PETERS, MISSOURI**

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2016**

	Sewer Lateral Repair Program Fund	Water Service Line Repair Program Fund	Special Allocation Funds			Community Development Block Grant Sub- recipient Fund	Total
			Old Town	Lakeside Redevelopment			
<b>Assets:</b>							
Cash and cash investments:							
Unrestricted	\$ 849,471	\$ 248,196	\$ 5,868,388	\$ 567,360	\$ -	\$ -	\$ 7,533,415
Held by trustees	-	-	-	2,650	-	-	2,650
<b>Receivables, net of allowances where applicable:</b>							
Taxes	-	-	71,976	4,788	-	-	76,764
Intergovernmental	-	-	-	-	36,813	-	36,813
Other	2,775	1,102	5,185	-	139,075	-	148,137
Long-term receivables	-	-	-	-	620,931	-	620,931
<b>Total Assets</b>	<b>\$ 852,246</b>	<b>\$ 249,298</b>	<b>\$ 5,945,549</b>	<b>\$ 574,798</b>	<b>\$ 796,819</b>	<b>\$ -</b>	<b>\$ 8,418,710</b>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 78,363	\$ 56,708	\$ 5,979	\$ 22,333	\$ 392	\$ -	\$ 163,775
Accrued liabilities	424	273	-	-	-	-	697
Deposits/guarantee bonds	900	-	-	-	-	-	900
Due to other funds	58	37	-	-	31,466	-	31,561
<b>Total Liabilities</b>	<b>79,745</b>	<b>57,018</b>	<b>5,979</b>	<b>22,333</b>	<b>31,858</b>	<b>-</b>	<b>196,933</b>
<b>Fund Balances:</b>							
Restricted for:							
Sewer lateral projects	772,501	-	-	-	-	-	772,501
Special allocation projects	-	-	5,939,570	549,815	-	-	6,489,385
Grants	-	-	-	-	764,961	-	764,961
Debt service	-	-	-	2,650	-	-	2,650
Water line repair projects	-	192,280	-	-	-	-	192,280
<b>Total Fund Balances</b>	<b>772,501</b>	<b>192,280</b>	<b>5,939,570</b>	<b>552,465</b>	<b>764,961</b>	<b>-</b>	<b>8,221,777</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 852,246</b>	<b>\$ 249,298</b>	<b>\$ 5,945,549</b>	<b>\$ 574,798</b>	<b>\$ 796,819</b>	<b>\$ -</b>	<b>\$ 8,418,710</b>

See accompanying independent auditors' report

**CITY OF ST. PETERS, MISSOURI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Sewer Lateral Repair Program Fund	Water Service Line Repair Program Fund	Special Allocation Funds Old Town	Lakeside Redevelop- ment	Community Development Block Grant Fund	Community Development Block Grant Sub- recipient Fund	Neighborhood Improvement District Fund	Total
<b>Revenues:</b>								
Sales tax	\$	\$	\$ 1,137,935	\$ 138	\$	\$	\$	\$ 1,138,073
Property tax		-	839,287	115,121				954,408
Utility franchise tax								
Special assessment								
Cigarette tax								
Licenses and permits								
Interest	402	120	11,033	223				11,778
Intergovernmental						253,900		253,900
Charges for services	565,846	224,345						790,191
Miscellaneous							6,975	6,975
<b>Total Revenues</b>	566,248	224,465	1,988,255	115,482		253,900	6,975	3,155,325
<b>Expenditures:</b>								
General government								
Public works			412,212	3,430	151,302	96,139		663,083
Capital outlay	423,511	222,726	185,718					831,955
Debt service:			194,909					194,909
Principal retirement							6,700	6,700
Interest				4,871			157	5,028
Other							292	292
<b>Total Expenditures</b>	423,511	222,726	792,839	8,301	151,302	96,139	7,149	1,701,967
<b>Revenues (Under) Over Expenditures</b>	142,737	1,739	1,195,416	107,181	(151,302)	157,761	(174)	1,453,358
<b>Other Financing Uses:</b>								
Transfers in								
Transfers out					(43,290)	43,290	(601)	43,290
<b>Total Other Financing Sources (Uses)</b>					(43,290)	43,290	(601)	(601)
<b>Net Changes In Fund Balance</b>	142,737	1,739	1,195,416	107,181	(194,592)	201,051	(775)	1,452,757
<b>Fund Balances:</b>								
Beginning of year	629,764	190,541	4,744,154	445,284	194,592	563,910	775	6,769,020
End of year	\$ 772,501	\$ 192,280	\$ 5,939,570	\$ 552,465	\$	\$ 764,961	\$	\$ 8,221,777

See accompanying independent auditors' report

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGET BASIS - BUDGETED NONMAJOR GOVERNMENTAL FUNDS**

Page 1 of 2

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Sewer Lateral Repair Program Fund			Water Service Line Repair Program Fund			Special Allocation Fund - Old Town		
	Variance			Variance			Variance		
	Revised	Final		Revised	Final		Revised	Final	
	Budget	Budget		Budget	Budget		Budget	Budget	
	Actual	Positive	(Negative)	Actual	Positive	(Negative)	Actual	Positive	(Negative)
<b>Revenues:</b>									
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,077,000	\$ 1,137,935	\$ 60,935
Property tax	-	-	-	-	-	-	815,000	839,287	24,287
Interest	5,000	402	(4,598)	-	120	120	5,000	11,033	6,033
Charges for services	525,000	565,846	40,846	223,000	224,345	1,345	-	-	-
<b>Total Revenues</b>	<b>530,000</b>	<b>566,248</b>	<b>36,248</b>	<b>223,000</b>	<b>224,465</b>	<b>1,465</b>	<b>1,897,000</b>	<b>1,988,255</b>	<b>91,255</b>
<b>Expenditures:</b>									
General government	-	-	-	-	-	-	413,067	412,212	855
Public works	735,000	521,341	213,659	308,000	225,442	82,558	-	-	-
Capital outlay	-	-	-	-	-	-	5,823,720	2,734,909	3,088,811
<b>Total Expenditures</b>	<b>735,000</b>	<b>521,341</b>	<b>213,659</b>	<b>308,000</b>	<b>225,442</b>	<b>82,558</b>	<b>6,236,787</b>	<b>3,147,121</b>	<b>3,089,666</b>
<b>Net Changes in Fund Balance</b>	<b>(205,000)</b>	<b>44,907</b>	<b>249,907</b>	<b>(85,000)</b>	<b>(977)</b>	<b>84,023</b>	<b>(4,339,787)</b>	<b>(1,158,866)</b>	<b>3,180,921</b>
<b>Fund Balances:</b>									
Budget basis:									
Unreserved:									
Beginning of year	597,384	597,384	-	179,032	179,032	-	4,261,800	4,261,800	-
Transfers from (to) reserved	-	-	-	-	-	-	200,000	200,000	-
End of year	392,384	642,291	249,907	94,032	178,055	84,023	122,013	3,302,934	3,180,921
Reserved:									
Beginning of year	-	-	-	-	-	-	200,000	200,000	-
Transfers from (to) reserved	-	-	-	-	-	-	(200,000)	(200,000)	-
End of year	-	-	-	-	-	-	-	-	-
Budget basis, end of year	<b>392,384</b>	<b>642,291</b>	<b>249,907</b>	<b>94,032</b>	<b>178,055</b>	<b>84,023</b>	<b>122,013</b>	<b>3,302,934</b>	<b>3,180,921</b>
Budget basis receivable	-	(650)	-	-	(1,060)	-	-	-	-
Encumbrances, end of year	-	130,860	-	-	15,285	-	-	2,636,636	-
<b>GAAP basis, end of year</b>	<b>\$ -</b>	<b>\$ 772,501</b>	<b>\$ -</b>	<b>\$ 192,280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,939,570</b>	<b>\$ -</b>

See accompanying independent auditors' report

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGET BASIS - BUDGETED NONMAJOR GOVERNMENTAL FUNDS**

Page 2 of 2

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Special Allocation Fund - Lakeside Redevelopment		Community Development Block Grant Subrecipient Fund		Variance	
	Revised Final Budget	Actual	Final Budget - Positive (Negative)	Revised Final Budget	Actual	Final Budget - Positive (Negative)
<b>Revenues:</b>						
Sales tax	\$ -	\$ 138	\$ 138	\$ -	\$ -	\$ -
Property tax	147,000	115,121	(31,879)	-	-	-
Interest	-	223	223	-	-	-
Intergovernmental	-	-	-	350,852	253,900	(96,952)
<b>Total Revenues</b>	147,000	115,482	(31,518)	350,852	253,900	(96,952)
<b>Expenditures:</b>						
General government	6,000	3,430	2,570	350,852	248,945	101,907
Capital outlay	-	-	-	-	-	-
Debt service	5,000	4,871	129	-	-	-
<b>Total Expenditures</b>	11,000	8,301	2,699	350,852	248,945	101,907
<b>Net Changes in Fund Balance</b>	136,000	107,181	(28,819)	-	4,955	4,955
<b>Fund Balances:</b>						
Budget basis:						
Unreserved:						
Beginning of year	442,634	442,634	-	-	-	-
Transfers from (to) reserved	-	-	-	-	-	-
End of year	578,634	549,815	(28,819)	-	4,955	4,955
Reserved:						
Beginning of year	2,650	2,650	-	-	-	-
Transfers from (to) reserved	-	-	-	-	-	-
End of year	2,650	2,650	-	-	-	-
Budget basis, end of year	\$ 581,284	\$ 552,465	\$ (28,819)	\$ -	\$ 4,955	\$ 4,955
Budget basis receivable	-	-	-	-	760,006	-
Encumbrances, end of year	-	-	-	-	-	-
<b>GAAP basis, end of year</b>	\$ -	\$ 552,465	-	-	\$ 764,961	-

See accompanying independent auditors' report



**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGET BASIS - DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<b>Debt Service Fund</b>			
	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues:</b>			
Property tax	\$ 1,544,900	\$ 1,837,236	\$ 292,336
Interest	10,000	721	(9,279)
Miscellaneous	3,000	8,606	5,606
<b>Total Revenues</b>	<b>1,557,900</b>	<b>1,846,563</b>	<b>288,663</b>
<b>Expenditures:</b>			
Debt service	3,506,000	3,487,261	18,739
<b>Total Expenditures</b>	<b>3,506,000</b>	<b>3,487,261</b>	<b>18,739</b>
Revenues Under Expenditures	(1,948,100)	(1,640,698)	307,402
<b>Other Financing Sources:</b>			
Transfers in	1,998,100	1,825,077	(173,023)
<b>Net Changes in Fund Balance</b>	<b>50,000</b>	<b>184,379</b>	<b>134,379</b>
<b>Fund Balances:</b>			
Budget basis:			
Unreserved:			
Beginning of year	952,396	952,396	-
End of year	1,002,396	1,136,775	134,379
Budget basis, end of year	<u>\$ 1,002,396</u>	<u>1,136,775</u>	<u>\$ 134,379</u>
Property tax - deferred revenue, end of year		(77,543)	
<b>GAAP basis, end of year</b>		<u><u>\$ 1,059,232</u></u>	

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -  
BUDGET BASIS - ENTERPRISE FUND - WATERWORKS/SANITARY  
SEWER FUND - (UTILITY OPERATING FUND)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues:</b>			
Water and sewer	\$ 10,033,900	\$ 9,768,197	\$ (265,703)
Interest	1,000	1,713	713
Miscellaneous	1,509,300	1,425,872	(83,428)
<b>Total Revenues</b>	<b>11,544,200</b>	<b>11,195,782</b>	<b>(348,418)</b>
<b>Expenses:</b>			
Personnel costs	4,259,260	3,899,070	360,190
Utilities	766,600	681,057	85,543
Purchased water	822,000	856,540	(34,540)
Wastewater treatment costs	110,000	122,897	(12,897)
Repairs and maintenance	727,315	635,866	91,449
Chemicals and supplies	403,450	377,944	25,506
Professional services	415,850	238,125	177,725
Supplies and other	310,225	239,679	70,546
Insurance	47,500	111,132	(63,632)
Gasoline and fuel	141,500	64,897	76,603
Rent	13,000	12,147	853
Miscellaneous	800,700	813,475	(12,775)
<b>Total Expenses</b>	<b>8,817,400</b>	<b>8,052,829</b>	<b>764,571</b>
<b>Net Revenues Before Capital Revenues (Expenditures) and (Debt Service and Fees)</b>	<b>2,726,800</b>	<b>3,142,953</b>	<b>416,153</b>
Capital Expenditures	(606,705)	(446,555)	160,150
Debt Service and Fees	(2,349,250)	(2,346,615)	2,635
<b>Net Changes in Net Position</b>	<b>(229,155)</b>	<b>349,783</b>	<b>578,938</b>
<b>Net Position:</b>			
Budget basis:			
Unreserved:			
Beginning of year	1,023,026	1,023,026	-
Transfers from (to) reserved	(155,828)	(152,763)	3,065
End of year	638,043	1,220,046	582,003
Reserved:			
Beginning of year	1,817,958	1,817,958	-
Transfers from (to) reserved	155,828	152,763	(3,065)
End of year	1,973,786	1,970,721	(3,065)
<b>Budget basis, end of year</b>	<b>\$ 2,611,829</b>	<b>\$ 3,190,767</b>	<b>\$ 578,938</b>

\* The City adopts a separate budget for the utility operating fund (part of the waterworks/sanitary sewer enterprise fund). Actual amounts presented above include amounts encumbered at year end, which are treated as expenditures for purposes of the budget to actual comparison. Additionally, capital expenditures and bond principal payments are recognized as expenses for budget purposes.

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -  
BUDGET BASIS - ENTERPRISE FUND - SOLID WASTE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Trash collection	\$ 5,671,500	\$ 5,800,074	\$ 128,574
Miscellaneous	164,000	179,051	15,051
Interest	500	821	321
<b>Total Revenues</b>	<b>5,836,000</b>	<b>5,979,946</b>	<b>143,946</b>
<b>Expenses:</b>			
Personnel costs	2,480,455	2,434,553	45,902
Utilities	53,400	46,048	7,352
Disposal fees	1,105,500	1,198,505	(93,005)
Repairs and maintenance	311,000	274,119	36,881
Capital expenditures	673,000	595,929	77,071
Chemicals and supplies	5,000	2,336	2,664
Professional services	23,100	20,372	2,728
Supplies and other	64,220	70,618	(6,398)
Insurance	27,700	29,170	(1,470)
Gasoline and fuel	301,500	151,705	149,795
Rent	1,800	914	886
Miscellaneous	692,200	688,186	4,014
<b>Total Expenses</b>	<b>5,738,875</b>	<b>5,512,455</b>	<b>226,420</b>
<b>Net Changes in Net Position</b>	<b>97,125</b>	<b>467,491</b>	<b>370,366</b>
<b>Net Position:</b>			
Budget basis:			
Unreserved:			
Beginning of year	1,422,387	1,422,387	
Transfers from (to) reserved			
End of year	1,519,512	1,889,878	370,366
Reserved:			
Beginning of year	250,000	250,000	
Transfers from (to) reserved			
End of year	250,000	250,000	
<b>Budget basis, end of year</b>	<b>\$ 1,769,512</b>	<b>\$ 2,139,878</b>	<b>\$ 370,366</b>

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -  
BUDGET BASIS - ENTERPRISE FUND -  
CENTRAL MATERIALS PROCESSING FACILITY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues:</b>			
Tipping fees	\$ 2,647,000	\$ 2,603,041	\$ (43,959)
Recycling fees	1,465,600	1,169,548	(296,052)
Earth Centre	382,500	513,132	130,632
Intergovernmental	-	1,252	1,252
Interest	500	348	(152)
Miscellaneous	35,900	11,698	(24,202)
<b>Total Revenues</b>	<b>4,531,500</b>	<b>4,299,019</b>	<b>(232,481)</b>
<b>Expenses:</b>			
Personnel costs	1,932,080	1,712,671	219,409
Disposal fees	1,386,400	1,344,769	41,631
Utilities	58,600	49,481	9,119
Capital expenditures	278,800	252,693	26,107
Professional services	46,100	45,818	282
Repairs and maintenance	113,400	102,314	11,086
Insurance	22,500	20,223	2,277
Gasoline and fuel	48,600	20,451	28,149
Supplies and other	653,140	593,954	59,186
<b>Total Expenses</b>	<b>4,539,620</b>	<b>4,142,374</b>	<b>397,246</b>
<b>Net Changes in Net Position</b>	<b>(8,120)</b>	<b>156,645</b>	<b>164,765</b>
<b>Net Position:</b>			
Budget basis:			
Unreserved:			
Beginning of year	441,645	441,645	-
End of year	433,525	598,290	164,765
Reserved:			
Beginning of year	175,000	175,000	-
End of year	175,000	175,000	-
<b>Budget basis, end of year</b>	<b>\$ 608,525</b>	<b>\$ 773,290</b>	<b>\$ 164,765</b>

**CITY OF ST. PETERS, MISSOURI**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL -  
BUDGET BASIS - ENTERPRISE FUND - RECREATION FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues:</b>			
Recreation	\$ 7,153,400	\$ 6,677,948	\$ (475,452)
Interest	500	447	(53)
<b>Total Revenues</b>	<b>7,153,900</b>	<b>6,678,395</b>	<b>(475,505)</b>
<b>Expenses:</b>			
Personnel costs	4,057,575	3,956,258	101,317
Utilities	1,014,300	866,582	147,718
Repairs and maintenance	214,350	252,633	(38,283)
Capital expenditures	198,200	163,547	34,653
Chemicals and supplies	77,000	77,042	(42)
Professional services	161,990	127,091	34,899
Supplies and other	389,950	377,459	12,491
Concessions	238,500	218,019	20,481
Insurance	51,700	47,707	3,993
Gasoline and fuel	33,550	15,479	18,071
Miscellaneous	75,600	80,436	(4,836)
<b>Total Expenses</b>	<b>6,512,715</b>	<b>6,182,253</b>	<b>330,462</b>
<b>Net Revenues Before Debt Service and Fees</b>	<b>641,185</b>	<b>496,142</b>	<b>(145,043)</b>
Debt Service and fees	1,356,500	1,354,808	1,692
<b>Revenues Under Expenses</b>	<b>(715,315)</b>	<b>(858,666)</b>	<b>(143,351)</b>
<b>Other Financing Sources:</b>			
Transfers in	550,000	554,073	4,073
<b>Net Changes in Net Position</b>	<b>(165,315)</b>	<b>(304,593)</b>	<b>(139,278)</b>
<b>Net Position:</b>			
Budget basis:			
Unreserved:			
Beginning of year	372,375	372,375	-
Transfers from (to) reserved	(5,000)	38,252	43,252
End of year	202,060	106,034	(96,026)
Reserved:			
Beginning of year	792,799	792,799	-
Transfers from (to) reserved	5,000	(38,252)	(43,252)
End of year	797,799	754,547	(43,252)
<b>Budget basis, end of year</b>	<b>\$ 999,859</b>	<b>\$ 860,581</b>	<b>\$ (139,278)</b>

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## APPENDIX B

### BOOK-ENTRY ONLY SYSTEM

*General.* The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by DTC.

*The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City (referred to in this section as the “Issuer”) takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be delivered for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

10. The Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.