

JUNE 27, 2018

**ANNUAL DISCLOSURE REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

OF THE

CITY OF SHREWSBURY, MISSOURI

IN CONNECTION WITH

**CERTIFICATES OF PARTICIPATION
(CITY OF SHREWSBURY, MISSOURI, LESSEE), SERIES 2015
BASE CUSIP: 825513**

and

**GENERAL OBLIGATION BONDS,
SERIES 2007
BASE CUSIP: 825510**

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CITY OF SHREWSBURY

MAYOR
Sam Scherer

ALDERMEN

Chris Gorman
Elmer Kauffmann
Greg Lauter

Keith Peters
Rick Steingrubby
Mike Travaglini

DIRECTOR OF ADMINISTRATION
Jonathan Greever

FINANCE DIRECTOR
Danielle Oettle

FINANCIAL ADVISOR
WM Financial Strategies
St. Louis, Missouri

**ANNUAL DISCLOSURE REPORT
OF THE
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Relating to**

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And

GENERAL OBLIGATION BONDS, SERIES 2007

INTRODUCTION

This Annual Disclosure Report is provided by the City of Shrewsbury, Missouri (the “City”) to furnish information in connection with its outstanding Certificates of Participation (City of Shrewsbury, Missouri, Lessee), Series 2015 (the “Series 2015 Certificates) and General Obligation Bonds, Series 2007 (the “Bonds”).

At the time of issuance of the Series 2015 Certificates and the Bonds the City agreed, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, to provide information generally consistent with information contained in the Official Statement for the Bonds in the tables shown under the captions “THE CITY OF SHREWSBURY,” “THE CITY’S FINANCES,” “REVENUE SOURCES,” “TAXATION,” and “DEBT OF THE CITY,” and information with respect to litigation if, in the judgment of the City, such litigation would have a material adverse effect on the financial condition of the City.

THE CITY OF SHREWSBURY

General

Shrewsbury is located in south-east St. Louis County. With its eastern boundary adjacent to the City of St. Louis, Shrewsbury is proximate to St. Louis both geographically and culturally. The City covers approximately 1.5 square miles and is within a Metropolitan Statistical Area (“MSA”).

Interstate 44 intersects the City near its northern edge. This highway provides excellent access to the St. Louis metropolitan area.

Shrewsbury’s origin dates back to 1889 when it was platted on land originally part of a Spanish land grant. Shrewsbury was incorporated as a Village in 1913 and reincorporated as a fourth class city in 1920.

The City is an attractive suburban residential community with an economic base represented by a mixture of numerous small specialty shops, support services and a few industrial enterprises.

Government

The City is a fourth class city. The legislative body of the City is the Board of Aldermen which is comprised of six aldermen and a mayor. Two aldermen are elected from each of the City’s three wards to serve two year terms, one half of which expire annually.

The Mayor, elected at large to serve a four-year term, is the presiding officer of the Board of Aldermen. The Mayor may only vote in the event of a tie vote by the Board of Aldermen. Additionally, the Mayor has veto power.

Appointed officials in the City include the Director of Administration who is responsible for the day-to-day management of the City and the Director of Finance who is responsible for managing the City's finances including preparation of the budget.

City services and functions are divided into six departments which are the departments of Administration, Police, Fire, Parks and Recreations, Public Works and Finance.

The Mayor, with the approval of the Board of Aldermen, appoints citizens to boards and commissions with responsibility for certain governmental functions including development, zoning and zoning changes. The boards and commissions are the Park and Recreation Commission, Board of Adjustment, Public Safety Advisory Commission, Planning Commission and Traffic Commission.

Employees

The City has 59 full-time and 5 regular part-time employees. Additionally, the City employs approximately 60 seasonal part-time employees throughout the year. City firefighters are members of the International Association of Firefighters Local 2665. The City has no record of any work stoppages. The only labor dispute experienced by the City was in 1976 at which time the firefighters joined the union.

Pension Plan

The City participates in the Missouri Local Government Employees Retirement System ("LAGERS") which is administered by a seven-member independent board of trustees pursuant to Missouri statutes. The plan is a defined benefit plan, which provides for normal, early and disability retirement benefits to participants meeting certain eligibility requirements. The plan covers substantially all full-time employees of the City.

Information regarding the pension plan is included in the financial statements that accompany this Annual Disclosure Report.

Community Services

Utilities

Stormwater drainage and sewage collection and disposal for Shrewsbury are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. All other utilities in the City are provided by privately owned companies. Water service is provided by Missouri American Water Company, gas is provided by Spire Inc. (formerly Laclede Gas Company), and electricity is provided by Ameren Missouri (formerly AmerenUE).

Communications

Telecommunication services are provided by AT&T and Charter Communications. The City receives all St. Louis radio stations and television channels. Local newspapers include The St. Louis Post-Dispatch, The West County Journal, a biweekly paper, and The Webster-Kirkwood Times, a weekly local newsletter. The City receives cable television and related services from Charter Communications and AT&T U-Verse.

Fire Protection

The Shrewsbury Fire Department (the “Department”) provides fire protection throughout the corporate limits of the City. Services are provided from one fire station manned by 19 full-time firefighters of which 17 are also licensed paramedics. The Department is rated “4” by the Insurance Services Organization, among ratings ranging from 1 to 10 with 1 as the highest. This rating is based on several factors including the number of firefighters and their training, response time, firefighting equipment, the City’s water systems, and fire prevention programs of the Department. The Department sponsors fire prevention and safety programs including blood pressure testing, providing free smoke detectors and installing smoke detectors. All departments in the St. Louis metropolitan area are part of a mutual aid program in which assistance and equipment is provided by a fire department of another community in the event an emergency warrants such aid.

Police Protection

The Shrewsbury Police Department provides police protection throughout the corporate limits of the City. Services are provided by 22 full-time officers. The Police Department offers public community service programs including the Building Check Program, in which police check the security of a building and leave a notice advising the owner regarding their findings, the S.N.A.P. Program (Safe Neighborhood Active Patrol), in which the police leave a notice advising that they patrolled the neighborhood, Child Indent, and Neighborhood Watch.

Recreation Activities

The City owns and operates four parks covering 43.0 acres, a festival site and the City Center located on 16 acres. Facilities are available at City parks for tennis, baseball, basketball, softball, soccer, volleyball and picnicking. The City also owns and operates an aquatic center. The City’s aquatic center has two bodies of water, one is a competition pool with diving and the other is a zero-depth entry leisure pool with a slide and a lazy river among other features.

In 1992, the City acquired a building which was renovated for use as a community center/municipal complex (the “City Center”) in 1993 and includes the Board of Aldermen chambers, offices for the parks and recreation department and administration department, a kitchen, a gymnasium, a ballroom, an exercise room, and several meeting rooms.

Residents also enjoy the many attractions located throughout the St. Louis Metropolitan area that are within an easy commuting distance including the St. Louis Zoological Park, the Missouri Botanical Gardens, St. Louis Art Museum, Six Flags St. Louis, the St. Louis Symphony and professional sports teams.

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. Shrewsbury contracts for this service with private collectors through competitive bidding. Solid waste collection services are paid for by residents.

Medical

Residents are within short commuting distance of the numerous hospitals located in the St. Louis metropolitan area including the highly regarded Barnes Jewish Hospital complex of Washington University and Saint Louis University Hospital, both of which are located in the City of St. Louis and are known for their fine medical schools and quality of research.

St. Anthony's at Southwest Medical Center is located in Shrewsbury, specializes in health care needs for the entire family. In addition, there is a small dental clinic and medical center in the City.

Education

The public school system within the City is operated under the administration and control of the Webster Groves School District, the Affton School District, the Special School District of St. Louis County, and The Community College District of St. Louis, St. Louis County, Missouri. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are authorized to levy taxes, separate and distinct from those levied by the City.

The Webster Groves School District and the Affton School District (the "Districts") collectively own and operate 7 elementary schools, 3 junior high schools and 2 senior high schools serving residents of the City. The Community College District of St. Louis operates four campuses in the St. Louis area.

The City is the home of Cardinal Glennon College, a pastoral college owned by the St. Louis Archdiocese. The College is the only institution of its kind in the St. Louis metropolitan area.

In addition, numerous institutions of higher education located in the St. Louis metropolitan area are easily accessible to City residents, including Webster University, located approximately 1 mile from Shrewsbury, Saint Louis University, Washington University and the University of Missouri-St. Louis.

Economic and Demographic Data

Transportation

Interstate 44 intersects the City near its northern edge. Running east and west, Interstate 44 intersects Interstate 270 approximately 6 miles west of the City, thus providing excellent access to all of the St. Louis metropolitan area.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport (the "Airport") located approximately 10 miles northwest of the City.

Metro, the commuter railroad that serves the St. Louis area, completed an extension in 2006 which included a station near Shrewsbury that connects the City with the City of St. Louis, the Airport and other prominent locations in the St. Louis metropolitan area.

Population

The following table sets forth historical population statistics for the City:

<u>Year</u>	<u>Population</u>
1980	5,077
1990	6,416
2000	6,644
2010	6,254

Source: United States Department of Commerce, Bureau of Census.

Economy and Economic Development

The City is primarily a suburban residential community with an economic base represented by a mixture of commercial enterprises, numerous small specialty shops, support services and a few industrial enterprises. The City does not have a central business district. Commercial enterprises include numerous small specialty stores and several small strip shopping centers located mostly along Watson Road, a major thoroughfare bordering the City. There are currently approximately 186 business establishments, including retail, manufacturing, and warehouse enterprises located in the City.

The City is a developed community that is surrounded by other incorporated areas. New development opportunities are limited to scattered vacant parcels and to redevelopment of existing properties. New housing is also principally limited to small vacant parcels.

In 2012, Kenrick Developers, L.L.C., a developer headquartered in St. Louis (the “Developer”), purchased the property previously occupied by a shopping center known as Kenrick Plaza. This project, known as the Kenrick Plaza Redevelopment Project (the “Redevelopment Project”), has resulted in the expansion of the City’s sales tax base. The development includes a 131,865 square foot Walmart that opened in the fall of 2015.

The Redevelopment Project is within a tax increment financing district (“TIF”) established pursuant to the Real Property Tax Increment Allocation Redevelopment Act (the “Act”). Tax increment financing 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 on which Tax Increment Financing was adopted. Pursuant to a redevelopment agreement, the City issued \$15,050,785 of TIF Notes for infrastructure improvements such as utilities and roadways at the Redevelopment Project site. The TIF notes were refinanced with TIF Bonds that were sold in September 2016.

During the time in which tax increment financing is in effect, the City will not realize any increase in ad valorem taxes attributable to any increases in assessed valuation in the Redevelopment Project area. Also, 50% of the increase in economic activity taxes are allocated to payment of redevelopment project costs. Accordingly, the City will realize only 50% of any new sales tax revenues attributable to the Redevelopment Project.

The Kenrick Redevelopment Project has spurred additional interest in nearby vacant commercial properties and a couple of new businesses have recently opened in the nearby retail/office spaces. The property that is situated on the lower lot below the Walmart property, and to the east, has been named The Center at Kenrick and now contains an Aldi (a specialty discount grocery store), which opened in 2016, a new trampoline jump park, a cellular phone store, and a large medical facility. There has recently been additional interest in the Center at Kenrick site and the City anticipates more tenants to open in the near future

Major Employers

The largest employer in the City is Spire Inc. (formerly Laclede Gas Company) (“Spire”). Spire is a regulated public utility engaged in the distribution of natural gas. Spire is a natural gas company serving 1.7 million customers in Missouri, Alabama, and Mississippi. Spire maintains a regional office within the City of Shrewsbury. Spire’s stock is traded on the New York Stock Exchange. Additional information regarding Spire is contained in its annual registration statement with the Securities and Exchange Commission. A copy of such statement may be obtained from the Securities and Exchange Commission and is available on the Internet at <http://www.sec.gov/edgar.shtml>.

The majority of commercial employers in the City employ fewer than 30 people. The following is a list of the largest commercial employers located within the City:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Spire Inc.	Natural Gas Distribution	300
Cardinal Regali Center	Seminary	200
Walmart	Grocery and Discount Supercenter	175
Dierbergs	Grocery Store	160
Carr Lane Manufacturing	Machine Part Manufacturer	150
Shop N Save	Grocery Store	92
St. Anthony's at Southwest Medical Center	Medical Services	92
Da-com	Business Machines	79
Canterbury Enterprises	Printing Services	70
City of Shrewsbury	Government	60

Source: Office of the Director of Administration.

Employment

According to US Bureau of Census, 2012-2016 American Community Survey, 5-Year Estimates, the City had a civilian labor force of 3,108 people. 122 people were unemployed which represented an unemployment rate of 3.9%.

Building and Construction Data

The City of Shrewsbury is an established community surrounded by other incorporated municipalities. There are no significant parcels of property available for new residential construction, however there is approximately 50 acres of land suitable for commercial development. The following table sets forth the number and value of building permits issued by the City for the past five years for new construction and for tenant finishes, renovations and additions valued in excess of \$20,000.

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total⁽¹⁾</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2013	18	\$ 951,728	13	\$ 4,767,984	31	\$ 5,719,712
2014	13	895,758	11	10,212,996	24	11,108,754
2015	24	1,262,459	20	7,491,595	44	8,754,054
2016	18	2,066,889	16	2,517,613	34	4,584,502
2017	18	1,109,197	8	1,464,595	26	2,573,792

(1) Excludes tenant finishes, additions and improvements valued at less than \$20,000.

Source: Office of the Director of Administration/City Clerk.

Housing

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

	<u>Median Value of Owner Occupied Housing</u>	<u>% Built in 2000 or Later</u>	<u>Units Built Before 1940</u>
The City	\$166,000	1.4%	12.7%
Other Entities:			
St. Louis County	176,000	6.7	9.9
St. Louis MSA	159,500	13.9	16.7
State of Missouri	141,200	16.2	14.1

Source: U.S. Bureau of Census, 2012-2016 American Community Survey, 5 year estimates.

Income

The following table sets forth certain income statistics for the City and, for comparative purposes, St. Louis 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	\$34,213	\$84,904	8.6%
Other Entities:			
St. Louis County	36,518	79,904	10.3
St. Louis MSA	31,332	72,868	12.7
State of Missouri	27,044	62,285	15.3

Source: U.S. Bureau of Census, 2012-2016 American Community Survey, 5 year estimates.

THE CITY'S FINANCES

Accounting and Reporting Practices

The City operates on a fiscal year which corresponds with a calendar year (the "Fiscal Year").

The accounts of the City are organized on the basis of funds and account groups in conformance with generally accepted accounting principles applicable to governmental units.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Government fund financial statements report using the current financial resource measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

The General Fund

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table indicates the City's General Fund revenues, expenditures and changes in fund balances for the 2014 through 2017 Fiscal Years:

SUMMARY OF OPERATIONS GENERAL FUND (\$ in thousands)⁽¹⁾

	Fiscal Year Ended December 31			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES				
Taxes	\$ 3,965	\$ 4,447	\$ 4,719	\$ 4,802
Licenses, Permits and Fee	531	426	430	376
Fines	421	224	286	308
Earnings on Investments	21	12	19	—
Charges for Services	852	835	924	914
Other Revenues	<u>61</u>	<u>27</u>	<u>27</u>	<u>39</u>
Total Revenues	<u>5,851</u>	<u>5,971</u>	<u>6,405</u>	<u>6,439</u>
EXPENDITURES	<u>12,059⁽²⁾</u>	<u>8,011</u>	<u>6,393</u>	<u>6,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,206)	(2,039)	12	(97)
OTHER FINANCING SOURCES				
Certificates of Participation	—	1,925	—	—
Tax Increment Finance Notes	5,811 ⁽²⁾	—	—	—
Transfers out	<u>—</u>	<u>—</u>	<u>(164)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>5,811</u>	<u>1,925</u>	<u>(164)</u>	<u>—</u>
NET CHANGE IN FUND BALANCE	(395)	(114)	(152)	(97)
FUND BALANCE BEGINNING OF YEAR	<u>2,797</u>	<u>2,402</u>	<u>2,288</u>	<u>2,136</u>
FUND BALANCE END OF YEAR	<u>\$2,402</u>	<u>\$2,288</u>	<u>\$2,136</u>	<u>\$2,039</u>

(1) Totals may not match audited financial statements due to rounding.

(2) The City issued Tax Increment Finance Notes during the 2014 Fiscal Year. The funds were used to pay for public works projects including acquisition and demolition costs, and associated consulting fees for the Kenrick Redevelopment Project.

REVENUE SOURCES

General Fund

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of the City's General Fund revenue for the 2017 Fiscal Year:

	<u>Revenue</u>	<u>Percentage of Total Receipts</u>
TAXES:		
Property	\$ 544,978	8.5%
Utility	996,575	15.5
General Sales Tax	1,669,954	25.9
Park Sales Tax	746,594	11.6
Fire Protection Sales Tax	373,298	5.8
Motor Vehicle Sales Tax	83,979	1.3
Gasoline Tax	168,928	2.6
Other	<u>217,961</u>	<u>3.4</u>
Total	<u>4,802,267</u>	<u>74.6</u>
LICENSES AND PERMITS	375,660	5.8
FINES AND COURT COSTS	308,095	4.8
INTEREST INCOME	—	—
CHARGES FOR SERVICES	914,446	14.2
MISCELLANEOUS	<u>38,967</u>	<u>0.6</u>
	<u>\$6,439,435</u>	<u>100.0%</u>

Source: Audited Financial Statements and the Office of the Finance Director.

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

Utility Franchise Tax

The City charges a 7.25% utilities franchise tax on gross receipts of the gas, water, electric, and telephone companies. The companies pay the tax monthly.

Sales Taxes

In St. Louis County (the "County"), municipal sales taxes are collected and distributed by the County. Some sales taxes are dedicated and distributed directly to the city responsible for generating the tax. Other sales taxes, specifically the general sales tax and the capital improvements sales tax, are collected by the County and distributed according to each city's status as a "point of sale" or "pool" city. "Point of sale" cities receive approximately 85% of tax revenues generated within their borders, with the remaining 15% being allocated to the "pool". The tax revenues generated within "pool" cities are also allocated to the "pool" and each pool city receives a portion of the total pool revenues on a per capita basis. The City is a "point of sales" city for purposes of its sales taxes.

General Sales Taxes: During the 2017 Fiscal Year the City's general sales tax was the largest source of City receipts, accounting for approximately 25.9% of total general fund receipts. The sales tax receipts are from a 1¼% City sales tax used for general City purposes. 1% of the general corporate sales tax was authorized by special election in 1970. The remaining ¼% City sales tax was authorized by special election in 1994.

The following table sets forth the total general sales tax revenue of the City for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$1,271,435
2014	1,146,541
2015	1,476,828
2016	1,567,542
2017	1,669,954

Source: Office of the Finance Director.

Capital Improvement Sales Tax: In February 1994, voters approved a ½% sales tax for capital improvements (the “Capital Improvement Sales Tax”) that included a fifteen-year sunset provision. In 1997 voters reauthorized the sales tax without a sunset provision. The tax is a point-of-sale tax with a portion of the tax contributed to the County sales tax pool. By statute, this tax may be used solely for funding capital improvements and for the cost of operating such improvements. The tax is accounted for in the City’s Capital Projects fund.

The City intends to use the revenues from the Capital Improvement Sales Tax to pay the debt service on the Series 2008 Bonds and for capital expenditures.

Park and Storm Water Control Sales Tax: In August 1996, voters approved a ½% sales tax for parks and storm water control (the “Park and Storm Water Control Sales Tax”). The tax is a point-of-sale tax with 100% distributed to the City other than collection fees. The City intends to use the revenues from the Park and Storm Water Control Sales Tax to finance the cost of capital projects for parks and to pay the costs of operating and maintaining parks. The tax is accounted for in the City’s general fund, however, it is restricted as to the uses set forth in the prior sentence and for projects relating to storm water control.

Fire Protection Sales Tax: In April 2004, voters approved a ¼% sales tax for fire protection. For the 2017 Fiscal Year, the City received \$373,298. By statute, this tax may be used solely for funding expenses related to the fire department.

PROPERTY TAXATION

General

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 St. Louis County (the “County”) by October 1. The Missouri State Auditor’s office 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 the tax bill is considered delinquent and accrues a penalty of one percent per month. The County Collector of Revenue deducts a commission equal to 1.5% of the taxes collected for his services. After such collections and deductions of commission, taxes are distributed to the City.

The Hancock Amendment-Revenue Limitation

The Hancock Amendment also requires political subdivisions of the State of Missouri to obtain voter approval in order to increase any “tax, license or fee.” The precise meaning and application of the phrase “tax, license or fee” is unclear and has been the subject of numerous Missouri appellate court cases. In 1991, the Missouri Supreme Court, in Keller v. Marion County Ambulance District, 820 S.W. 2d 301 (Mo. en banc 1991) (the “Keller Case”), set forth the specific factors to be used in interpreting this phrase.

The 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 Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds or other indebtedness authorized by referendum.

Assessed Valuation

Under the Missouri Constitution, real property is classified for assessment purposes in subclasses consisting of agricultural, residential, or commercial, permits the assignment of 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. Personal property is assessed according to book value. In 1986, the State Legislature passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

The following table indicates the assessed valuation for the City for the tax years 2013 through 2017:

<u>Year</u>	<u>Assessed Valuation</u>
2013	\$111,045,869
2014	110,139,929
2015	114,278,413
2016	117,741,375
2017	127,834,105

Source: St. Louis County Collector and St. Louis County year-end assessment reports for 2013 through 2017.

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

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$ 74,292,230	19.0%	\$391,011,737
Commercial Property	30,556,794	32.0	95,489,981
Personal Property	18,821,171	33.3	56,463,513
Agricultural Property	—	12.0	—
Subtotal	<u>123,670,195</u>		<u>542,965,231</u>
Incremental Value of Property			
In TIF Area	<u>4,163,910</u>	32.0	<u>13,012,219</u>
Total	<u>\$127,834,105</u>		<u>\$555,977,450</u>

Source: *St. Louis County Report “2017 Assessment Roll Dec. 31, 2017 and “2017 TIF Incremental Values Post-BOE.”*

Tax Rates

The following table sets forth the City’s tax rates per \$100 of assessed valuation for the years 2013 through 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund	\$.4850	\$.4830	\$.4690	\$.4790	\$.463
Debt Service Fund	.4640	.5160	.5160	.4900	.389
Total	<u>\$.9490</u>	<u>\$.9990</u>	<u>\$.9850</u>	<u>\$.9690</u>	<u>\$0.852</u>

Note: Taxes for debt service were levied at the rates shown above and for the General Fund at the rates shown below. The General Fund rates are estimated blended rates.

Source: *Office of the Finance Director.*

In 2002, the Missouri General Assembly passed legislation which requires that political subdivisions in the County must establish separate tax rates for residential, commercial, agricultural and personal property, except for the tax rate for payment of general obligation bonds. The purpose of the law is to help reduce the property tax burden on homeowners in areas where residential assessments were increasing at a faster rate than commercial assessments. The following table sets forth the General Fund tax rate for 2017 for each assessment category:

<u>General Fund Subclass</u>	
Residential Property	\$0.463
Commercial Property	0.414
Personal Property	0.577
Agricultural	—

Tax Levies and Collection

The following table sets forth information regarding tax collections for the City:

<u>Levy Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes</u>			<u>Current & Back Taxes</u>	
		<u>Paid by Due Date</u>	<u>% Collected</u>	<u>Paid in Protest⁽¹⁾</u>	<u>Collected</u>	<u>% Collected</u>
2013	\$1,063,300	\$864,713	81.32%	\$ 89,646	\$1,178,596	110.84%
2014	1,132,565	978,460	86.39	86,527	1,121,955	99.06
2015	1,135,285	970,028	85.44	110,817	1,104,919	97.33
2016	1,143,104	962,285	84.18	92,104	1,091,563	95.49
2017	1,075,614	864,670	80.39	151,034	1,051,225	97.73

(1) Taxes paid in protest are paid in the year due as shown in the table above but are not treated as collected until settlement and are then accounted for as back taxes.

Source: Office of the St. Louis County Collector.

Major Taxpayers

The following table sets forth information regarding the top ten taxpayers in the City based on 2017 locally assessed real and personal property tax assessment:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Caplaco Twentytwo, Inc.	\$5,284,560	4.13%
Georgetown Apt. Associates LLC	5,193,230	4.06
Spire Inc. (Formerly Laclede Gas)	4,685,650	3.67
Kenrick Developers LLC	4,024,040	3.15
Chippewa Center LLC	2,869,120	2.24
B Kenrick Plaza LLC	2,527,390	1.98
St. Louis County Catholic Church Real	2,033,330	1.59
MO American Water Co.	1,690,500	1.32
Moorlands Holding LLC	1,614,630	1.26
Industrial Industry	1,078,680	0.84

Source: St. Louis County Assessor’s Report “Top 100 Assessments by Taxing Authority”.

DEBT OF THE CITY

General

On August 2, 1988, an amendment to the Missouri Constitution was approved which decreased the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes from two-thirds (2/3) to four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal, 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 a city may issue payable out of tax receipts may not exceed 10% of the total assessed valuation of the taxable property. 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 General Obligation Bonds

As of the date of this Annual Disclosure Report the City’s only outstanding general obligation bonds are \$1,024,902.80 principal amount of capital appreciation General Obligation Bonds, Series 2007.

Lease Obligations

As of the date of this Annual Disclosure Report the City’s only outstanding lease obligations are \$1,920,000 principal amount of Certificates of Participation (City of Shrewsbury, Missouri, Lessee), Series 2015.

Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body and neither taxes nor a specific source of revenues can 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 are subject to voter approval.

Although the City may make payments from any available funds, the City expects to pay the principal and interest on the above referenced lease obligations from the Capital Improvement Sales Tax.

Legal Debt Limit and Debt Margin

The following table sets forth the City’s debt limit and debt margin:

	City Purposes <u>Basic Limit</u>	Street and Sewer <u>Additional Limit</u>
2017 Assessed Value	<u>\$127,834,105</u>	<u>\$127,834,105</u>
Debt Limit - 10% of Assessed Value	\$12,783,411	\$12,783,411
Less: General Obligation Bonds	<u>696,934</u>	<u>327,969⁽¹⁾</u>
Legal Debt Margin	<u>\$12,086,477</u>	<u>\$12,455,442</u>

(1) Represents that portion of the Bonds, totaling \$327,969, authorized for streets.

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the City as of the date of this Annual Disclosure Report:

	Outstanding Bonds ⁽¹⁾	Percent Applicable to The City ⁽²⁾	City's Direct and Overlapping Debt
City of Shrewsbury	\$ 1,024,903	100.00%	\$ 1,024,903
St. Louis County ⁽³⁾	92,215,000	.52	479,518
Affton School District	21,920,000	8.45	1,852,240
Webster Groves School District	52,139,000	6.25	3,258,688
Total	<u>\$167,298,903</u>		<u>\$6,615,349</u>

(1) Excludes lease obligations and annual appropriation obligations of the City and overlapping taxing districts.

(2) Estimate based on real and personal property assessed valuation for 2017.

(3) Excludes \$340,000 of St. Louis County's Neighborhood Improvement District Bonds that are a general obligation of St. Louis County, but are expected to be paid from special assessments and for which St. Louis County may not levy a general property tax.

Source: Bond amounts and assessed valuations were provided by the respective taxing districts or were derived from public records.

Debt Service Requirements

General Obligation Bonds

The following is a list of the City's debt service requirements on its General Obligation Bonds as of the date of this Annual Disclosure Report:

<u>Year</u>	Total Debt Service ⁽¹⁾
2019	\$ 540,000
2020	540,000
2021	540,000
2022	145,000
Total	<u>\$1,765,000</u>

(1) Reflects the principal at maturity for the General Obligation Bonds, Series 2007 that are capital appreciation bonds.

Lease Obligations

The following table shows the debt service requirements on the City's lease obligations as of the date of the Annual Disclosure Report:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018		\$ 53,875	\$ 53,875
2019	\$ 140,000	52,475	192,475
2020	140,000	49,675	189,675
2021	145,000	46,753	191,753
2022	150,000	43,505	193,505
2023	150,000	39,905	189,905
2024	155,000	35,976	190,976
2025	160,000	31,523	191,523
2026	165,000	26,648	191,648
2027	170,000	21,495	191,495
2028	175,000	15,886	190,886
2029	180,000	9,850	189,850
2030	190,000	3,373	193,373
Total	<u>\$1,920,000</u>	<u>\$430,939</u>	<u>\$2,350,939</u>

Future Debt

The City has no present plans to issue additional general obligation bonds or lease obligations.