

JUNE 28, 2012

ANNUAL DISCLOSURE REPORT

OF THE

CITY OF SHREWSBURY, MISSOURI

IN CONNECTION WITH

**CITY OF SHREWSBURY, MISSOURI, IMPROVEMENT CORPORATION
LEASEHOLD REFUNDING REVENUE BONDS**

SERIES 2008

(CITY OF SHREWSBURY, MISSOURI, LESSEE)

BASE CUSIP: 825515

and

**GENERAL OBLIGATION BONDS,
SERIES 2007**

BASE CUSIP: 825510

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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 Financial Advisor. This Annual Disclosure Report is not to be construed as a contract or agreement between the City 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 the delivery of the Annual Disclosure Report is not under any circumstances, to create any implication that there has been no change in the affairs of the City since the date hereof.

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CITY OF SHREWSBURY

MAYOR
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ALDERMEN

Elmer Kauffmann
Sam Scherer
Chris Gorman

Ed Kopff
Dee Wiecher
Mike Travaglini

City Clerk
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Finance Director
Danielle Oettle

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WM Financial Strategies
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**ANNUAL DISCLOSURE REPORT
OF THE
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Relating to
CITY OF SHREWSBURY, MISSOURI, IMPROVEMENT CORPORATION
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SERIES 2008
(CITY OF SHREWSBURY, MISSOURI, LESSEE)
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 City of Shrewsbury, Missouri, Improvement Corporation, Leasehold Refunding Revenue Bonds, Series 2008, (City of Shrewsbury, Missouri, Lessee) (the “Series 2008 Bonds”) and General Obligation Bonds, Series 2007 (the “Series 2007 Bonds”). The Series 2007 Bonds and Series 2008 Bonds are referred to collectively here as the “Bonds.”

At the time of issuance of the Bonds the City agreed, in accordance with the requirements of Rule 15c2-12 (the “Rule”) 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 affect on the financial condition of the City.

THE CITY OF SHREWSBURY

General

Shrewsbury is located in 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”) which includes 16 counties of which 8 are in Missouri and 8 are in Illinois.

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.

City services and functions are divided into six departments which are the departments of Administration, Police, Fire, Parks and Receptions, 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, Police Personnel Board, Planning Commission and Traffic Commission.

Employees

The City has 54 full-time and 20 regular part-time employees. City firefighters are members of the International Association of Firefighters Local 2665. Prior to May 2007, members of the Association were provided the right to "meet and confer." In May 2007, the Missouri Supreme Court reversed 60 years of precedent and held that public employees have a constitutional right to collectively bargain under Missouri's Constitution. The impact of this decision on the City and its employees is not yet known.

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.

The City has a legal obligation to make all required contributions to the plan. Total pension expense for the fiscal year ended December 31, 2011 was \$189,838.

Additional information regarding the pension plan is included in Note 5 to 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 American Water Company, gas is provided by Laclede Gas Company, and electricity is provided by Ameren Missouri (formerly AmerenUE).

Communications

Telecommunication services are provided by AT&T. 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 17 full-time firefighters of which 14 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, fire fighting 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 17 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, the DARE drug program, 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 the building, which is now the City Center. The building was renovated for use as a community center/municipal complex 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.

Southwest Medical Building is located in Shrewsbury, with offices for approximately 60 doctors. 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 Junior 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 empowered 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 5 elementary schools, 2 junior high schools and 2 senior high schools serving residents of the City. The Junior College District of St. Louis, St. Louis County, Missouri 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 located approximately 10 miles northwest of the City.

Metro, the commuter railroad that serves the St. Louis area, recently completed a new Shrewsbury line. The Shrewsbury line added eight miles to connect to the existing Metro lines and to Forest Park and Clayton.

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

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 195 business establishments, including retail, manufacturing, and warehouse enterprises located in the City.

Major Employers

The largest employer in the City is Laclede Gas Company (“Laclede”). Laclede is a regulated public utility engaged in the distribution of natural gas. Laclede serves an area in eastern Missouri, with a population of approximately 2.0 million, including the City of St. Louis, St. Louis County, and parts of eight other counties. As an adjunct to its gas distribution business, Laclede operates underground natural gas storage fields, is engaged in the transportation and storage of liquid propane, and has made investments in some non-utility businesses as part of a diversification program. Its corporate headquarters are located in St. Louis, Missouri. Within the City of Shrewsbury is a regional office. Laclede’s stock is traded on the New York Stock Exchange. Additional information regarding Laclede 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/edgarhp.htm>.

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>
Laclede Gas Company	Natural Gas Distribution	300
Cardinal Regali Center	Seminary	225
Dierbergs	Grocery Store	162
Carr Lane Manufacturing	Machine Part Manufacturer	134
Overhead Door	Door Manufacturer	115
Shop N Save	Grocery Store	97
Southwest Medical Center	Medical Services	92
Da.com	Business Machines	77
Canterbury Enterprises	Printing Services	70
City of Shrewsbury	Government	66

Source: Office of the City Clerk.

Employment

According to the United States Bureau of Census, 2005-2009 American Community Survey, the City had a civilian labor force of 3,400 people. 132 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>
2007	14	\$ 785,837	6	\$ 524,000	20	\$ 1,309,837
2008	11	570,000	17	2,148,315	28	2,718,315
2009	22	1,029,505	5	193,000	27	1,222,505
2010	16	854,352	9	7,268,966	25	8,123,318
2011	—	—	—	—	—	—

(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	\$170,200	1.7%	7.5%
Other Entities:			
St. Louis County	179,300	5.4	10.3
St. Louis MSA	159,800	10.8	17.7
State of Missouri	137,700	11.9	15.7

Source: US Bureau of Census, 2006-2010 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 In 2010 Dollars</u>	<u>Median Family Income In 2010 Dollars</u>	<u>% People Below Poverty Level</u>
The City	\$29,661	\$68,273	8.5%
Other Entities:			
St. Louis County	33,344	73,910	9.6
St. Louis MSA	28,177	67,013	11.9
State of Missouri	24,724	57,661	14.0

Source: US Bureau of Census, 2006-2010 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.

Budget Process

A description of the City's budget process is included on page 35 of the audited financial statements that accompany this Annual Disclosure Report.

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 2008 through 2011 Fiscal Years:

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

	Fiscal Year Ended			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES				
Taxes	\$4,278	\$4,169	\$4,114	\$4,091
Licenses, Permits and Fee	334	319	276	500
Fines	321	325	304	324
Earnings on Investments	91	86	43	23
Charges for Services	786	805	820	900
Other Revenues	<u>10</u>	<u>75</u>	<u>9</u>	<u>28</u>
Total Revenues	<u>5,820</u>	<u>5,779</u>	<u>5,566</u>	<u>5,866</u>
EXPENDITURES	<u>5,650</u>	<u>5,606</u>	<u>5,648</u>	<u>5,599</u>
EXCESS OF REVENUES OVER EXPENDITURES	170	173	(81)	268
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(183)</u>	<u>(211)</u>	<u>—</u>	<u>—</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER EXPENDITURES)	(13)	(38)	(81)	268
FUND BALANCE BEGINNING OF YEAR	2,243	2,231	2,192	2,111
Prior Period Adjustment	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>
FUND BALANCE END OF YEAR	<u>\$2,231</u>	<u>\$2,192</u>	<u>\$2,111</u>	<u>\$2,427</u>

* Totals may not match audited financial statements due to rounding.

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 2011 Fiscal Year:

	<u>Revenue</u>	<u>Percentage of Total Receipts</u>
TAXES:		
Property	\$ 528,731	9.01%
Utility	1,066,443	18.18
General Sales Tax	1,212,386	20.67
Park Sales Tax	549,966	9.38
Fire Protection Sales Tax	274,982	4.69
Motor Vehicle Sales Tax	68,310	1.16
Gasoline Tax	180,804	3.08
Other	<u>209,467</u>	<u>3.57</u>
Total	<u>4,091,089</u>	<u>69.74</u>
LICENSES AND PERMITS	500,123	8.53
FINES AND FORFEITURES	324,394	5.53
INTEREST INCOME	22,612	.38
CHARGES FOR SERVICES	899,983	15.34
MISCELLANEOUS	<u>28,332</u>	<u>.48</u>
	<u>\$5,866,533</u>	<u>100.00%</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 2011 Fiscal Year the City's general sales tax was the largest source of City receipts, accounting for approximately 21% 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 Fiscal Years 2007 through 2011:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 1,363,956
2008	1,283,855
2009	1,214,134
2010	1,170,143
2011	1,212,386

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 for the following purposes and in the following order of priority, (i) to pay a portion of the debt service on the Series 2008 Bonds that was attributable to a refunding of bonds that financed improvements to the City Center and (ii) to finance other projects.

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 for the following purposes and in the following order of priority (i) to pay a portion of the debt service on the Series 2008 Bonds that was attributable to a refunding of bonds that financed park improvements, (ii) to finance the cost of smaller capital projects for parks, and (iii) 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 2011 Fiscal Year, the City received \$274,982. By statute, this tax may be used solely for funding expenses related to the fire department.

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”), held that the Hancock Amendment did not apply to certain user fees.

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

Assessment of real property, pursuant to the Constitution of Missouri, requires such property to be classified 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 past five years:

<u>Year</u>	<u>Assessed Valuation</u>
2007	\$132,318,202
2008	130,949,459
2009	121,863,851
2010	119,877,259
2011	116,718,090

Source: St. Louis County Assessor’s Office.

The following table sets forth the estimated market value of taxable property for 2011 based on the 2011 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	\$ 74,960,730	19.0%	\$394,530,158
Commercial Property	27,703,095	32.0	86,572,172
Personal Property	14,054,265	33.3	42,162,795
Agricultural Property	—	12.0	—
Total	<u>\$116,718,090</u>		<u>\$523,265,125</u>

Source: St. Louis County Assessor's Office.

Tax Rates

The following table sets forth the City's tax rates per \$100 of assessed valuation for the years 2007 through 2011:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund	\$.3514	\$.3564	\$.4968	\$.4954	\$.4954
Debt Service Fund	.6610	.5880	.4280	.4570	.4730
Total	<u>\$1.0124</u>	<u>\$.9444</u>	<u>\$.9248</u>	<u>\$.9524</u>	<u>\$.9684</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 2011 for each assessment category:

<u>General Fund Subclass</u>	
Residential Property	\$.4860
Commercial Property	.4810
Personal Property	.5770
Agricultural	—

Tax Levies and Collection

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

Levy Year	Total Taxes Levied	Current Taxes			Current & Back Taxes	
		Paid by Due Date	% Collected	Paid in Protest ⁽¹⁾	Collected	% Collected
2007	\$1,339,581	\$1,217,841	90.91%	\$68,631	\$1,337,901	99.88%
2008	1,240,212	1,156,324	93.24	39,691	1,298,673	104.71
2009	1,127,043	1,032,517	91.61	45,986	1,161,686	103.07
2010	1,141,756	1,032,449	90.43	65,536	1,147,660	100.52
2011	1,131,023	945,568	83.60	83,253	1,047,806	92.64

(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 2011 real and personal property tax assessment:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Georgetown Apt. Associates LLC	\$5,107,560	4.38%
Caplaco Twentytwo, Inc.	4,442,660	3.81
Laclede Gas Company	2,809,200	2.41
Lipton Kenrick Associates LP	2,417,690	2.07
Ameren Missouri (formerly AmerenUE)	2,038,973	1.75
HCP Medical Office Buildings LLC	1,648,730	1.41
Carr Lane Mfg. Co.	1,610,720	1.38
Delmar Associates	1,356,640	1.16
Pace South County Associates LLC	1,183,910	1.01
LBJ Investments LLC	1,000,220	0.86

Source: Office of the St. Louis County Collector.

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

The following is a list of the City's outstanding general obligation bonds as of December 31, 2011:

<u>Issue</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds, Series 2006	\$2,140,000
General Obligation Bonds, Series 2007 ⁽¹⁾	<u>2,058,734</u>
	<u>\$4,198,734</u>

(1) Represents the original principal amount of outstanding capital appreciation bonds.

Lease Obligations

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 has annually used a portion of its ½¢ Capital Improvement Sales Tax and a portion of its ½¢ Park and Storm Water Control Sales Tax for payment of the bonds refunded by the Series 2008 Bonds and expects to continue using these sale taxes to pay the Series 2008 Bonds.

Legal Debt Limit and Debt Margin

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

	<u>City Purposes Basic Limit</u>	<u>Street and Sewer Additional Limit</u>
2011 Assessed Value	<u>\$116,718,090</u>	<u>\$116,718,090</u>
Debt Limit - 10% of Assessed Value	\$11,671,809	\$11,671,809
Less: General Obligation Bonds	<u>1,699,940</u>	<u>2,498,795⁽¹⁾</u>
Legal Debt Margin	<u>\$ 9,971,869</u>	<u>\$ 9,173,014</u>

(1) The \$2,498,795 of bonds includes \$1,840,000 of the General Obligation Refunding Bonds, Series 2006 and that portion of the Series 2007 Bonds, totaling \$658,795, 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 December 31, 2011:

	Outstanding Bonds ⁽¹⁾	Percent Applicable to The City ⁽²⁾	City's Direct and Overlapping Debt
City of Shrewsbury	\$ 4,198,734	100.00%	\$ 4,198,734
St. Louis County ⁽³⁾	26,085,000	.52	135,642
Webster Groves School District	61,434,000	6.40	3,931,776
Total	<u>\$91,717,734</u>		<u>\$8,266,152</u>

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

(2) Estimate based on real and personal property assessed valuation for 2011.

(3) Excludes \$440,000 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 were provided by the respective taxing districts. Assessments were provided by the respective taxing districts and the St. Louis County Collector.

Debt Service Requirements

General Obligation Bonds

Year	Principal ⁽¹⁾	Interest	Total Debt Service
2012	\$ 485,000	\$ 67,931	\$ 552,931
2013	490,000	54,684	544,684
2014	500,000	45,466	545,466
2015	510,000	35,979	545,979
2016	520,000	26,134	546,134
2017	530,000	15,931	545,931
2018	540,000	5,370	545,370
2019	540,000	—	540,000
2020	540,000	—	540,000
2021	540,000	—	540,000
2022	145,000	—	145,000
Total	<u>\$5,340,000</u>	<u>\$251,495</u>	<u>\$5,591,495</u>

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

Series 2008 Leasehold Revenue Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 265,000	\$ 61,365	\$ 326,365
2013	280,000	52,638	332,638
2014	325,000	42,330	367,330
2015	175,000	33,449	208,449
2016	180,000	26,835	206,835
2017	185,000	19,808	204,808
2018	405,000	8,100	413,100
Total	<u>\$1,815,000</u>	<u>\$244,525</u>	<u>\$2,059,525</u>

Future Debt

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

FINANCIAL ADVISOR

WM Financial Strategies, St. Louis, Missouri, is employed as Financial Advisor to the City to assist in the preparation of the Annual Disclosure Report.

NO LITIGATION

The City represents that there is no controversy, suit or other proceeding of any kind pending or to their knowledge, threatened in any court that would materially affect the finances of the City.

ADDITIONAL INFORMATION

For clarification of information contained in this Annual Disclosure Report contact the following:

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314-647-5795