



BUDGET PROCESS

Budget As Operating Plan

The budget for the City is an Annual Operating Plan serving as the guidebook for the fiscal year. It sets policy, identifies new initiatives and allocates the resources necessary to maintain City services and meet the objectives of the fiscal year. The fiscal year for the City of St. Louis runs from July 1 to June 30. In accordance with state law, the budget must be balanced when adopted.

Budget Basis

The General Fund and most special fund budgets are formulated on a modified accrual basis. Encumbrances, including outstanding purchase orders, are budgeted as expenses but revenues are recognized only when they are actually received. Enterprise fund appropriations including the Airport and Water Divisions are budgeted on a cash basis. Both expenditures and revenues are recognized when actually paid or received. The City's Comprehensive Annual Financial Report (CAFR) accounts for the City's finances according to generally accepted accounting principles (GAAP). This method differs from the budget basis primarily in that revenues are recognized when they are measurable and available as opposed to actually received and expenditures are recognized when the obligation is incurred rather than paid or encumbered. For this reason, the CAFR also contains financial statements expressed on a "budget" basis so that end-of-year results can be compared with the budget.

The Budget Process

- The budget process begins in the Fall when the Budget Division issues a request for departmental revenue estimates. The information submitted by the departments will be incorporated into the Budget Division's initial revenue estimate for the coming fiscal year.
- At the same time the department heads are asked to identify any new initiatives or programs so that they may be included in the budget planning process.



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- In January, having arrived at a preliminary revenue estimate for the coming fiscal year and incorporating any new initiatives or areas that will experience an increase in costs, the Budget Division issues budget allocations to departments.
 - Departments respond by submitting their budget requests and service level information to the Budget Division.
 - In February, the Budget Division holds budget meetings with the departments and the administration to discuss budget requests and, where necessary, reconcile discrepancies between allocations and requests.
 - Revenue estimates are continually updated throughout this period. In March, departmental budget proposals are adjusted to reflect the latest revenue projections.
 - In April, the Budget Division prepares the budget document and submits its proposed budget to the Board of Estimate and Apportionment, (E&A) comprised of the Mayor, the Comptroller and the President of the Board of Aldermen. The Board of E&A reviews the proposed budget, holds hearings with departments and conducts a public hearing at which citizens may voice their concerns. Following the hearings, the Board of E&A may recommend changes to the proposed budget.

Next Steps - Charter Requirements

- The Board of E&A must submit its proposed budget to the Board of Aldermen not less than 60 days prior to the beginning of the fiscal year, or May 1.
- During May and June, the Ways and Means Committee of the Board of Aldermen conducts public hearings on each segment of the proposed budget prior to taking any action. The proposed budget is reviewed and then considered by the Board of Aldermen.



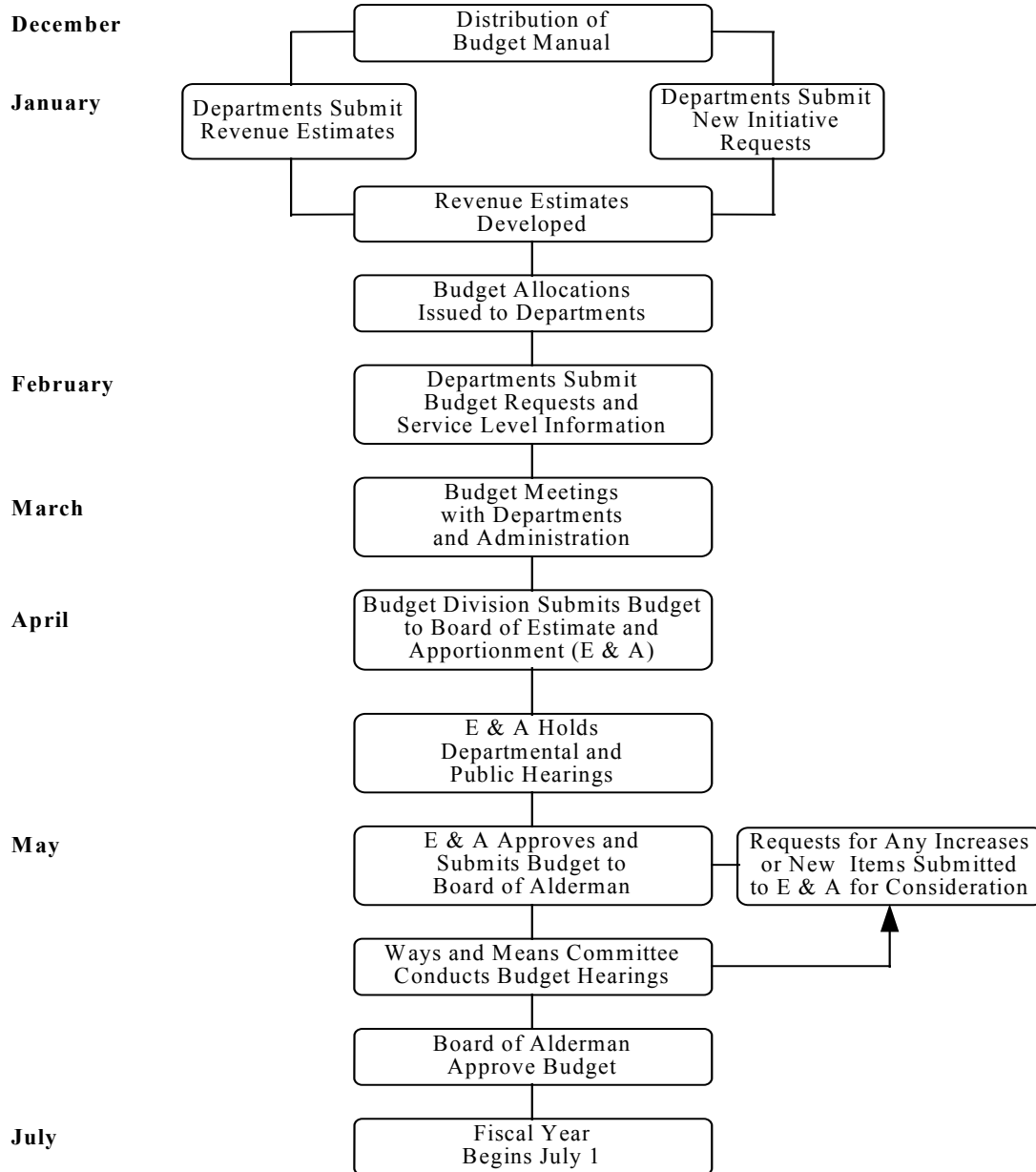
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- The Board of Aldermen may reduce the amount of any item in a budget bill, except amounts fixed by statute or ordinance obligations. The Board of Aldermen may not increase any appropriation amount nor insert new items unless specifically approved by the Board of E&A. (As a general rule, should increases for particular items be desired, the Ways and Means committee will submit a list of items for the Board of E&A to consider, with which it may or may not agree.)
 - If the Board of E&A does not submit its proposed budget to the Board of Aldermen by May 1, the Budget Director would be required to submit a budget directly to the Board of Aldermen.
 - If the Board of Aldermen does not approve a budget by the beginning of the fiscal year, the proposed budget by the Board of E&A or, in its absence, the submission by the Budget Director, shall be deemed to have been approved by the Board of Aldermen.

Budget / Operating Plan Administration

- As needs arise during the fiscal year, limited transfers within or among departments or funds may occur with approval of the Board of Estimate and Apportionment. Any accruing or unappropriated City revenue may be appropriated by ordinance recommended by the Board of E&A and passed by the Board of Aldermen.



BUDGET PROCESS



FINANCIAL AND BUDGETARY POLICIES

The budget document for the City is an Annual Operating Plan serving as the guidebook for the fiscal year. It sets policy, identifies new initiatives and allocates the resources necessary to maintain City services and meet the objectives of the fiscal year.

A summary of the new initiatives and how the budget allocates this year's resources is described in the Executive Summary section of the budget document. Financial and budgetary policies as well as a draft vision statement and summary of program missions are outlined on the following pages.

BUDGET PREPARATION AND ADMINISTRATION

- 1) Annual budgets will be developed for the general and all required special funds by the Budget Division for review by the Board of Estimate and Apportionment
- 2) A five-year expense and revenue projection will be developed for the general fund and the capital improvements fund to match revenue capacity with expenditure needs as a planning and decision making tool.
- 3) Appropriations will be based on reasonable estimates of revenue
- 4) Revenue and expenditures will be accounted for on a cash basis for budgetary purposes
- 5) The City will prepare a Comprehensive Annual Financial Report which it believes will meet all of the guidelines necessary to receive the Certificate of Achievement for Excellence in

Financial Reporting from the Government Finance Officers Association

- 6) Annual budget appropriations will be made in a timely manner. In accordance with the City Charter, the Board of Estimate and Apportionment shall submit a balanced budget proposal to the Board of Aldermen at least sixty days before the beginning of the new fiscal year.

GENERAL FUND BUDGET

- 1) Revenue estimates will be developed for the ensuing fiscal year by the Budget Division, with independent review and commentary provided by the staff of the City Comptroller.
- 2) A revenue manual will be developed and updated annually with information concerning the assumptions underlying the projections.

FINANCIAL AND BUDGETARY POLICIES

GENERAL FUND BUDGET (cont.)

- 3) The City will maintain the unreserved portion of the General Fund Balance at a minimum of 5% of the total General Fund Budget.
- 4) The general fund budget for on-going operations will be developed to match recurring revenues.
- 5) Revenues will be monitored monthly with official review and updates provided to the Board of Estimate and Apportionment on a quarterly basis.
- 6) Apparent shortfalls will be analyzed for their impact on future years.
- 7) Expenditures will be monitored monthly and apparent overspending will be handled on a departmental basis.
- 8) Known cyclical costs such as the 27th pay which occurs every eleven years will be funded at an appropriate amount in each budget.
- 9) Appropriations will be made annually to cover the expenses of the self-insurance fund.
- 10) Each request for a new program must be accompanied by an analysis that shows the long-term impact of the program on existing revenue sources and on existing programs.

CAPITAL IMPROVEMENTS

- 1) The City shall prepare a five-year Capital Improvements Plan and a Capital Budget annually in accordance with its Policy and Procedures Manual.
- 2) The five-year Capital Improvement Plan shall identify sources of funding.
- 3) For major capital projects, an analysis should accompany the proposed projects with information on expected annual operating costs, projected revenue benefits (if any) and any other indirect costs or benefits to the City.
- 4) The City shall fund capital projects with resources made available to the Capital Fund including but not limited to the proceeds from the 1/2 cent sales tax.

CITY DEBT

- 1) Bonding should be used to finance or refinance only those long-term assets or projects that benefit a significant portion of citizens in St. Louis and for which repayment sources have been identified.
- 2) The scheduled maturity of bond issues shall not exceed the expected useful life of the capital project or asset financed.
- 3) For property tax supported bonds, the Comptroller will strive for a debt service reserve in an amount not less than the succeeding year' principal and interest requirements. Reserve requirements for other bond issues will be set forth in respective bond covenants.

FINANCIAL AND BUDGETARY POLICIES

- 4) All long term debt shall be structured with prepayment options, except when alternative structures are more advantageous to the City. The City will consider prepayments when available resources are identified.
- 5) Bond refunding shall be considered if one or more of following conditions exist:
 - 1) present value savings of 3% of par value of the refunding bonds
 - 2) bond covenants restrictive or outdated
 - 3) restructuring debt is deemed desirable
- 6) Bond insurance shall be considered when present value of debt service savings is equal to or greater than the insurance premium.
- 7) The City will take all steps necessary to maintain its credit rating on outstanding debt and comply with bond covenants.
- 8) The Comptroller will select underwriters and bond counsel from a pre-qualified list to be revised at least every two years.

CITY VISION AND PROGRAM MISSIONS

The City of St. Louis is a city of safe neighborhoods, attractive parks and recreation, affordable housing, desirable neighborhoods, good schools and efficient transportation and utilities. The City is a home to citizens of good health and well being, a vibrant and diverse economy and an effective and efficient government.

SAFE NEIGHBORHOODS

- o Pursue a community oriented Policing strategy that protects the public from the occurrence of crime and increases public safety both in perception and reality
- o Ensure the administration of justice through a fair and efficient judicial system
- o Prepare the City's government, emergency responders, private agencies and citizens to prevent, respond to and recover from disasters and other emergency events
- o Operate a community-based Fire Department that improves the quality of life in and around the City by protecting life, health, property, commerce and the environment
- o Enforce the building codes and ordinances of the City honestly, fairly and efficiently
- o Protect the safety of the public and preserve neighborhoods through the removal of structurally unsound and derelict buildings

- o Protect the safety of the public through professional management of adult detention facilities and the delivery of comprehensive correctional and rehabilitative services

ATTRACTIVE PARKS AND RECREATION

- o Provide a full range of recreational and educational activities to City residents particularly City youth through recreation centers, recreation outposts and summer day camps.
- o Ensure the attractiveness, safety and quality of parks and neighborhoods through the maintenance and care of the urban forest.
- o Provide safe, attractive and accessible parks and open spaces within the confines of a densely populated urban center conducive to a variety of active and passive recreational opportunities

CITY VISION AND PROGRAM MISSIONS

AFFORDABLE HOUSING AND DESIRABLE NEIGHBORHOODS

- o Promote neighborhood preservation through the aggressive prosecution of building, environmental, health and nuisance law violations
- o Promote City living and neighborhood stabilization through the preservation of affordable and accessible housing and support services that enhance the quality of life for those in need.
- o Promote neighborhood preservation and enhanced quality of life through an aggressive program of weed and debris removal.
- o Remove derelict vehicles that are in violation of City ordinances
- o Provide City residents with courteous and efficient collection and disposal of solid waste in an environmentally safe manner
- o Promote conservation of housing stock via a comprehensive inspection program to enforce all applicable building codes.
- o Work with citizens and government to improve and sustain a quality environment in City neighborhoods through problem solving, addressing public safety needs and other issues related to the delivery of City services.

EFFICIENT TRANSPORTATION AND UTILITIES

- o Efficiently provide a plentiful supply of the highest quality drinking water to City residents, businesses and other valued customers
- o Provide an Airport known for superior safety, operational efficiency and service to customers and one that meets both current and future air travel needs of the St. Louis region
- o Oversee and evaluate public right-of-way conditions for streets, sidewalks and ramps and provide for efficient and cost effective programs for their repair and maintenance
- o Manage the City's street signage, signals and lighting in a manner that efficiently and effectively moves traffic through the City
- o Provide City commuters with safe, clean, and well-maintained streets, alleys and bridges in a cost effective manner
- o Provide an efficient and well-maintained infrastructure for intermodal shipping through the City's port district

CITIZENRY OF GOOD HEALTH AND WELL BEING

- o Develop and maintain a world class EMS system to provide the best possible pre-hospital emergency medical care

CITY VISION AND PROGRAM MISSIONS

CITIZENRY OF GOOD HEALTH AND WELL BEING (cont.)

- o Provide the City with significant, pro-active lead poisoning prevention services through inspection, abatement and clinical efforts
- o Help City residents live longer, healthier and happier lives through health promotion and disease prevention efforts
- o Protect the public from biting incidents, animal nuisances and the potential for the spread of disease through the enforcement of animal related ordinances
- o Protect the public from insect and rodent borne disease through effective and efficient prevention and treatment efforts
- o Promote clean air through air monitoring and emissions inspection efforts
- o Inspect food establishments, producers and retail outlets to prevent food borne illness and ensure that foods produced and distributed in the City are safe and wholesome
- o Enhance the quality of life of citizens through the provision of social service programs to the aged, homeless, veterans, disabled, youth and families in need

VIBRANT AND DIVERSE ECONOMY

- o Provide leadership and promote collaboration among public and private partners to develop a quality workforce that meets the economic and labor market needs of the St. Louis region
- o Enhance quality of life and economic vitality of the City through preparation of city-wide neighborhood plans, preservation of cultural resources and provision of research, graphics and design standard capabilities
- o Promote neighborhood growth and or stabilization through federal funds administered by the U.S. Department of Housing and Urban Development (HUD)
- o Promote economic vitality through continued maintenance and preservation of the City's convention and sports related venues
- o Promote a favorable environment for economic development through a judicious use of TIFs and other economic incentives
- o Ensure building and occupancy permits are compliant with zoning ordinances that reflect the best economic and quality of life interests of the City

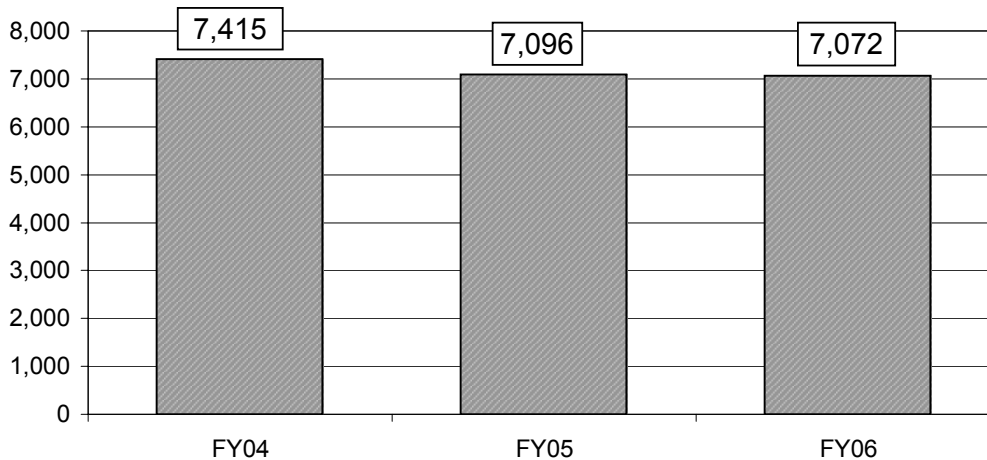
CITY VISION AND PROGRAM MISSIONS

EFFICIENT AND EFFECTIVE GOVERNMENT

- o Provide a well-qualified, diverse City workforce utilizing progressive human resource programs based on merit and equal employment opportunity principles
- o Utilize Information Technology to enhance the efficiency and effectiveness of City services
- o Ensure effective legal representation of City departments and agencies
- o Ensure the effective monitoring of the City's fiscal affairs through a modern and efficient accounting, payroll and auditing system
- o Ensure a continuous and uninterrupted supply of materials, goods, services and equipment to support City departments and agencies
- o Provide for an effective and efficient system for assessing and collecting City revenues
- o Promote Citywide voter registration and ensure fair and well run public elections
- o Effectively register and route city service requests in an efficient and customer friendly way and provide City departments with statistics as needed
- o Ensure an equitable public contracting and procurement environment within City government in which ready, willing and able M/W/DBEs are able to participate
- o Provide for a well maintained public infrastructure
- o Provide safe, comfortable, clean and well maintained City-owned facilities
- o Ensure the service capabilities of City departments by repairing and maintaining an effective and efficient rolling stock and equipment fleet

PERSONNEL SUMMARY

PERSONNEL TOTALS FY04 - FY06



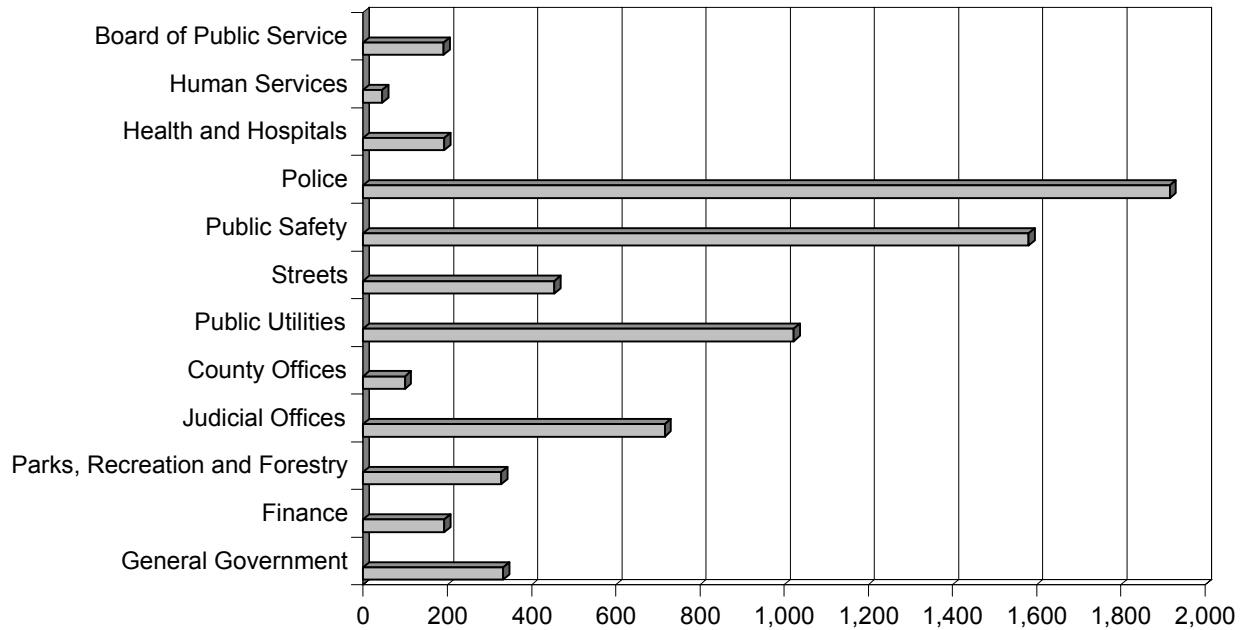
Personnel Trends FY04 - FY06

The total number of personnel budgeted in FY06 will decline by 24 positions in all funds from the previous fiscal year. The decline in the number of General Fund positions at 29 actually exceeds the overall decline but is offset by a net increase in special and enterprise fund totals. Notable changes in personnel include a reduction of 23 positions in the Department of Health and Hospitals due primarily to the state assumption of certain laboratory functions and expansion of contractual service agreements with the public health care agency ConnectCare. The Juvenile Division of the Circuit Court has recently entered a contract for meal service resulting in a reduction of 8 positions. The Department of Corrections is reducing its staffing total by 9 positions, primarily in support and administrative functions at the City's two correctional facilities. Other reductions are scattered throughout departments with most targeting the elimination of positions that are vacant.

In the enterprise funds, Lambert International Airport is increasing its staffing by 40 positions. These new positions are intended to address staffing requirements as completion of Airport expansion projects draws near. The Water Division is reducing its total by 2 positions. Grants and other special funds will see a net reduction of 33 positions.

PERSONNEL SUMMARY

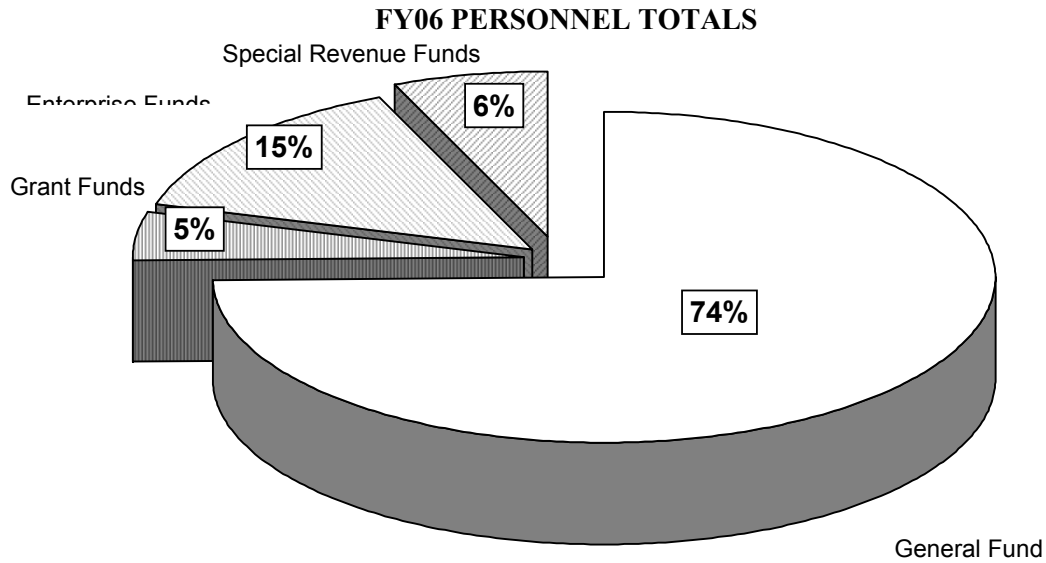
FY06 PERSONNEL TOTALS BY DEPARTMENT



Authorized Full-Time Personnel Totals - By Department All Fund

Department	FY04	FY05	FY06
General Government	354.00	337.00	333.00
Finance	202.00	198.00	193.00
Parks, Recreation and Forestry	336.00	331.00	328.00
Judicial Offices	731.00	726.00	716.51
County Offices	98.00	99.00	99.00
Public Utilities	994.00	985.00	1,023.00
Streets	466.00	456.00	454.00
Public Safety	1,641.00	1,591.00	1,581.00
Police	2,051.00	1,899.00	1,916.00
Health and Hospitals	251.02	221.50	192.13
Human Services	47.00	49.00	45.00
Board of Public Service	244.00	203.00	191.00
Totals	7,415.02	7,095.50	7,071.64

PERSONNEL SUMMARY



Authorized Full-Time Personnel Totals - By Fun

Fund	FY04	FY05	FY06
General Fund	5,586.46	5,316.09	5,286.91
Special Revenue Funds			
Local Use Tax Funds	174.00	205.50	187.65
Assessment Fund	68.00	72.00	71.00
Communications Fund	20.00	19.00	19.00
Lateral Sewer Fund	16.51	16.51	16.60
1116-9 Special Funds	102.50	89.50	96.50
Surface Transportation Projects Fund	3.00	2.00	1.00
Street Improvements Fund	38.00	39.00	39.00
Tax Increment Financing Fund	2.39	1.90	3.30
Mail Center - Special Fund	7.00	7.25	7.30
Employees Health and Hospital Fund	8.15	8.15	8.15
Grant Funds			
SLATE	39.00	39.00	30.00
Community Development Block Grant	115.43	112.11	115.85
Other Grant Funds	243.20	193.11	177.00
Enterprise Funds			
Water Division	390.00	385.00	383.00
Airport	601.38	589.38	629.38
Totals	7,415.02	7,095.50	7,071.64

CITY DEBT

General

The City of St. Louis is authorized to issue general obligation bonds payable from unlimited and ad valorem taxes to finance capital improvements upon a two-thirds majority vote of the qualified voters voting on the specific proposition. The Missouri Constitution provides that the amount of bonds payable out of tax receipts (which includes bonds payable from special assessments) shall not exceed 10% of the total assessed valuation of the taxable property of the City. The Constitution permits the City to become indebted for an additional 10% of the value of the taxable tangible property for the purpose of acquiring a right-of-way, constructing, extending and improving a sanitary or storm sewer system.

The City is also authorized to issue revenue bonds to finance capital improvements to its water system, sewer system and airport facilities. These types of revenue bonds require a two-thirds vote of the qualified electorate voting on the specific proposition. All revenue bonds issued by the City are payable solely out of the revenue derived from the operation of the facility that is financed from the proceeds of such bonds. Revenue bonds do not pledge the full faith and credit of the City in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margins resulting from the limitations described above.

The City is also authorized by statute to issue "Tax Increment Financing" obligations pertaining to development projects. In July, 1991, the City issued \$15,000,000 of Tax Increment Revenue Bonds for the St. Louis Marketplace project. Such obligations are secured by increments of revenues attributable to property and other taxes generated by improvements to the project area, and may also be secured by annual appropriations from the City's General Fund. As part of the St. Louis Marketplace financing, the City covenanted to request annual appropriations from the General Fund beginning in fiscal year 1993 to cover any shortfalls in the payments of debt service on these bonds until such time as the aforementioned incremental revenues are at least equal to 150% of the annual debt service payments on said bonds for five consecutive years. According to the Comptroller's office, the City has not covered any shortfalls to date; however there can be no assurances that they will not be called upon to do so in the future.

(Excerpts from official statement for Leasehold Revenue Refunding Bonds, Series 2003 (Convention Center Project))

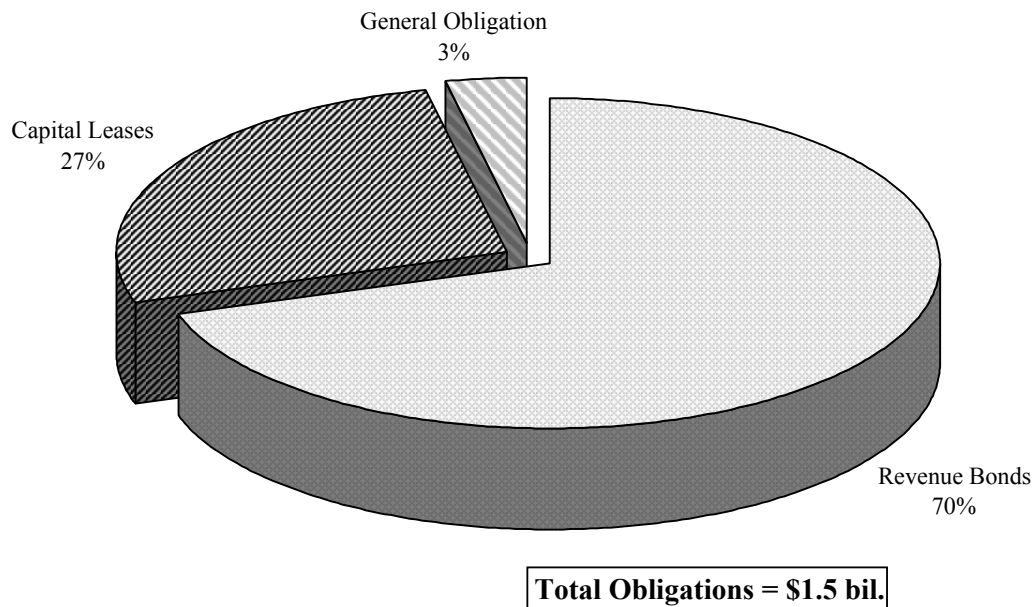
Note: The FY06 budget anticipates a shortfall in Marketplace debt in the coming fiscal year and has budgeted nearly \$650,000 in general fund revenues for this contingency.

CITY DEBT

Outstanding Debt and Lease Obligations

In addition to those financing mechanisms already discussed, the City uses capital leases as a means of financing major development and construction projects. The City's total outstanding debt and lease obligations at the end of March, 2005 amount to about \$1.5 billion. As illustrated below, over two thirds of this amount is in the form of revenue bonds issued primarily by the Airport and to a lesser extent the Water and Parking Divisions.

TOTAL CITY DEBT AND LEASE OBLIGATIONS



Outstanding obligations as of 3/31/05 per Office of the Comptroller

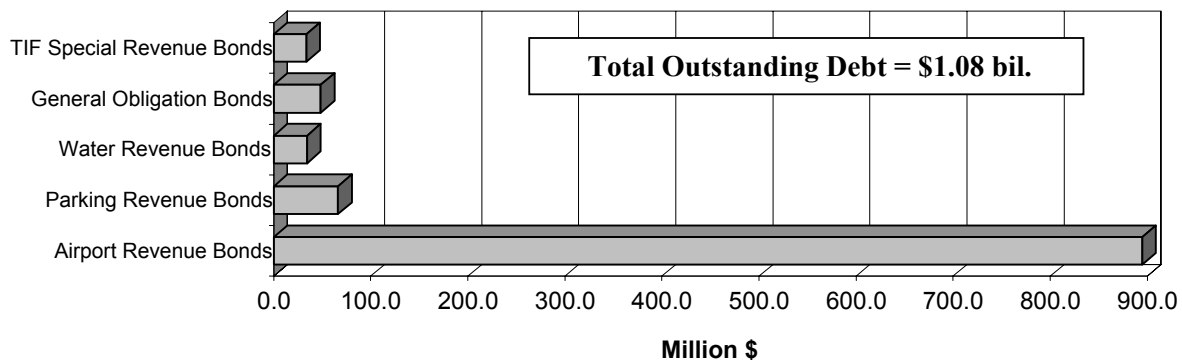
CITY DEBT

General Obligation and Revenue Bonds

Payments on general obligation debt are made from ad valorem property tax and license receipts. In 1999, the City issued \$65 million in general obligation bonds. With the bond proceeds, the City's Fire Department is replacing its existing fire fighting fleet and conducting renovations to its firehouses. The St. Louis Police Department has received funds to upgrade its crime lab and make improvements to its headquarters building on Clark Street. The bonds have also provided \$11 million for the demolition of abandoned and derelict buildings throughout the City. Another debt instrument known as revenue bonds are limited obligations of the City payable solely from the revenues of the department or facility financed by the bonds. By far the largest component of debt in this or any other debt category are the revenue bonds related to the Airport expansion project.

Bond Type	Amount Outstanding as of March 31, 2005
General Obligation Bonds	\$48,619,742
Water Revenue Bonds	34,320,000
Parking Revenue Bonds	66,264,000
Airport Revenue Bonds	894,735,000
Tax Increment Special Revenue Bonds	33,774,037
Total	\$1,077,712,779

OUTSTANDING DEBT



CITY DEBT

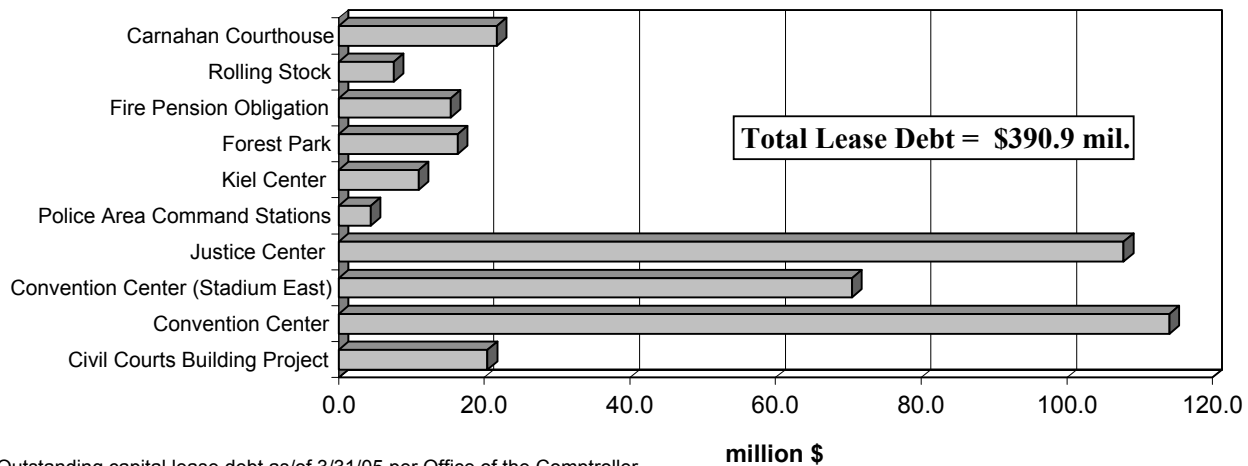
Capital Leases

The City has outstanding a number of lease-purchase agreements which can be characterized as capital leases. In capital lease financing, a non-profit authority issues debt to fund a project. This debt is secured by lease payments to the authority by a municipality leasing the project or equipment that is being financed. A list of the City's major existing agreements is presented below.

Description	Amount Outstanding March 31, 2005	Remaining Term In Years	Issue Date
Civil Courts Building Project	\$20,465,000	8	Jun-94
Convention Center (East) ¹	70,481,000	17	Feb-97
Convention Center - 1993A	2,567,205	9	Jun-93
Convention Cntr Leasehold Refunding - 2003	111,510,000	9	Jun-93
Kiel Center Refunding- A	6,370,000	15	Aug-97
Kiel Center Refunding -B	4,645,000	12	Aug-97
Police Area Command Stations	4,435,000	3	Jun-94
Justice Center - 1996A	6,910,000	3	Aug-96
Justice Center - 1996B	20,225,000	8	Aug-96
Forest Park - 2004	16,400,000	17	Mar-97
Fire Pension Obligation Bonds	15,415,000	6	Apr-98
Justice Center - 2000	18,455,000	15	Feb-00
Justice Center - 2001	62,205,000	15	Sep-01
Carnahan Courthouse	21,750,000	22	Apr-02
Rolling Stock	7,593,705	13	Mar-00
MDNR Energy Efficiency Program	1,473,992	4	Jul-01
Total	\$390,900,902		

¹ Pertains to the lease financing by the City, County and State of Missouri of an east expansion of the Convention Convention Center. Includes \$1M per year in asset preservation funds to the Regional Convention and Sports Authority through the term of the bonds.

CAPITAL LEASE DEBT



Outstanding capital lease debt as of 3/31/05 per Office of the Comptroller.

Capital Leases (cont.)

CITY DEBT

While General Obligation debt is funded through property tax revenues and revenue debt is paid through the revenues of the project being financed, capital lease debt does not specifically have a dedicated revenue source for making lease payments. These payments are generally obligations of the City's General Fund. In as much as possible, the City has sought to lessen this burden on the general fund by pursuing new sources of revenue that may directly or indirectly be linked to the particular project being financed. The southern expansion of the convention center for instance, was accompanied by the successful propositions of a 1/2 cent restaurant tax and a hotel sales tax, with the idea that these two industries are the most likely beneficiaries of increased convention activity. The civil courts building improvement financing was followed by the imposition of a fee on court cases to help offset the cost of debt service. Likewise, the debt service on the new justice center is being funded in part by reimbursements the City receives from the state for holding prisoners charged with state criminal violations. Police Department and Forest Park improvement leases are funded utilizing 1/2 cent sales tax proceeds that are dedicated to those departments.

A capital appreciation bond (CAB) issue to be completed in May, 2005 will provide for refunding of certain convention center related debt payments and other projects resulting in a \$19.9 million reduction in scheduled debt payments in FY06. Along with the assumption of \$1.6 million in convention center asset preservation costs, the total FY06 budget impact of the new issue will total \$21.5 million. Of this amount, \$10 million will be set aside to bolster the City's general fund balance with the balance directed toward FY06 budget relief. Overall, the CAB issue will provide over \$44 million in project funds over the next three years and provide for certain capital projects for which budgetary funding would be otherwise limited.

Schedule of Lease Debt Payments - FY06	
Cervantes Convention Center - 1993 (refinanced)	\$4,971,223 ²
Civil Courts Lease - 1994	824,825 ²
Convention Center East / Stadium - 1997 ¹	2,845,006 ²
CCC Energy Lighting Debt	166,535 ²
Fire Pension Obligation Bonds - 1998	3,112,000
Forest Park Lease - 1997	1,368,000
Justice Center Lease	10,954,000
Kiel Center - 1997	990,000
Police Area Command Stations - 1994	1,320,000
Rolling Stock Lease - 2000	749,951 ²
Carnahan Courthouse -2002	1,144,000
MDNR Loan - 2001	395,000
Total	\$28,840,540

¹ includes asset preservation payment

² \$8.9M and \$3.2M in convention center and dome payments to be paid through CABs respectively with \$1.9M for civil courts, \$1.5M for rolling stock and \$221,000 for CCC lighting also paid thru CABs.

CITY DEBT

Tax Increment Financing Projects

Tax Increment Financing (TIF) is a funding mechanism used to support financing of development projects. In a TIF financing, bonds are issued to finance infrastructure and other improvements related to a development project. A portion of the incremental tax revenues resulting from the development are then dedicated to service the debt. In most instances, the debt remains an obligation of the developer and debt service is dependent solely on the incremental taxes to be generated by the project. The City's first TIF project known as St. Louis Marketplace is unique in that City general revenue is to be made available should there be any shortfall in project revenue. So while the outstanding debt table listed earlier includes all outstanding TIF debt, only the Marketplace debt remains a potential obligation of the City. A listing of existing and pending TIF projects is listed below:

<u>TIF Project</u>	<u>Estimated TIF Cost</u>	<u>TIF Area Approved</u>
St. Louis Marketplace (Scullin)	\$15,000,000	07/20/90
Cupples	52,200,000	03/08/91
4548 West Pine	300,000	12/22/97
Argyle	3,000,000	12/11/98
Chouteau / Compton	3,600,000	12/17/98
Center for Emerging Technology	1,493,000	09/24/99
Edison Brothers	5,450,000	01/29/00
Robert E. Lee	600,000	01/29/00
100 North Condominium LLC	400,000	02/09/00
Convention Center Hotel	50,000,000	02/05/99
3800 Park	390,000	08/01/01
Gravois Plaza	4,049,000	11/30/01
4100 Forest Park	7,000,000	12/20/01
Lafayette Square	2,040,250	12/26/01
Tech Electronics	900,000	02/21/02
MLK Development	2,250,000	03/18/02
4200 Laclede	925,400	06/20/02
Post Office Square	6,655,220	07/23/02
1505 Missouri	621,100	08/05/02
Grand Center	79,795,000	02/02/02
1141-1151 S. Seventh St.	1,136,800	12/10/02
Paul Brown / Arcade	3,264,200	12/10/02
1100 Locust - Louderman Building	2,444,400	12/21/02
920 Olive / 1000 Locust	2,667,732	12/21/02
Walter Knoll Florist	1,036,000	12/21/02
Grace Loft	1,550,000	02/25/03
1312 Washington Ave.	500,000	04/25/03

CITY DEBT

<u>TIF Project</u>	<u>Estimated TIF Cost</u>	<u>TIF Area Approved</u>
Terra Cotta Annex / Parking	\$3,500,000	04/25/03
1601 Washington	3,000,000	07/23/03
2500 South 18th Street	550,000	07/23/03
City Hospital Complex	5,000,000	07/23/03
Fashion Square Lofts	3,700,000	07/23/03
Pinter's Lofts	3,880,000	07/24/03
Soulard Market Apartments	4,800,000	07/23/03
Southtown Centre	7,500,000	07/23/03
1619 Washington	1,583,379	03/10/04
The Security Building	3,000,000	03/10/04
Highland at Forest Park	2,400,000	03/21/04
Catalin Townhomes	415,000	03/30/04
Shenandoah Place	231,540	03/30/04
1133 Washington	1,100,000	08/02/04
Maryland Plaza South	5,367,052	08/05/04
410 Jefferson (at Locust St.)	1,525,000	08/02/04
Barton Loft (2401 S. 12th St.)	370,000	08/02/04
Warehouse of Fixtures	6,100,000	08/02/04
21-59 Maryland Plaza North	1,033,418	08/05/04
Marquette Building	3,600,000	12/22/04
Gaslight Square East	1,500,000	12/22/04
1136 Washington Ave.	3,650,000	12/22/04
Washington East Condominiums	1,400,000	12/22/04
Bottle District	41,900,000	12/22/04
Automobile Row (Project 1)	1,800,000	12/22/04
Automobile Row (Project 2)	3,000,000	12/22/04
1300 Convention	925,000	01/03/05
Mississippi Place	825,000	01/03/05
Loughborough Commons	11,000,000	02/28/05
5700 Arsenal	1,340,000	02/28/05
Adler Loft Condominiums	1,300,000	12/06/04
Dogtown Walk	415,000	02/28/05
East Bank Lofts	1,414,000	02/28/05
Ludwig Lofts	850,000	pending
The Pet Building	5,000,000	pending
Power House	2,200,000	pending
Dash Building	450,000	pending
Grand Fairground Plaza	1,000,000	pending
Moon Bros. Carriage Company	1,375,000	pending

CITY DEBT

<u>TIF Project</u>	<u>Estimated TIF Cost</u>	<u>TIF Area Approved</u>
Lafayette Square Town Homes	1,000,000	pending
Switzer Building	1,500,000	pending
SJI (Willys-Overland Building)	1,800,000	pending
1635 Washington	2,574,000	pending
3949 Lindell	3,440,000	pending
Motor Parts Warehouse	1,600,000	pending
I-70 & Goodfellow (4800-4850)	5,652,458	pending
Ely Walker Lofts (1520 Washington)	6,000,000	pending
Total	<u>\$412,833,949</u>	

Source: Office of the Comptroller

CITY DEBT

Legal Debt Margin

as of June 30, 2005

	City Purposes Basic Limit	Streets and Sewers Additional Limit
2004 Assessed Value	\$3,365,725,220	\$3,365,725,220
Debt Limit - 10% of Assessed Value	336,572,521	336,572,521
Less: General Obligation Bonds	<u>48,619,742</u>	<u>0</u>
	<u>\$287,952,779</u>	<u>\$336,572,521</u>

Source: Office of the Comptroller, City of St. Louis

Principal and Interest Requirements on Direct Debt

Fiscal Year	General Obligation Bonds		
	Principal	Interest	Total
2004-2005	3,100,000	2,540,000	5,640,000
2005-2006	3,245,000	2,400,000	5,645,000
2006-2007	3,400,000	2,253,000	5,653,000
2007-2008	3,570,000	2,088,000	5,658,000
2008-2009	695,000	4,872,000	5,567,000
2010-2014	16,480,000	7,998,000	24,478,000
2015-2019	<u>21,230,000</u>	<u>3,370,000</u>	<u>24,600,000</u>
	<u>\$51,720,000</u>	<u>\$25,521,000</u>	<u>\$77,241,000</u>

Source: Office of the Comptroller, City of St. Louis

CITY DEBT

Debt Ratios

as of March 31, 2005

	<u>Net Debt Per Capita</u>
Direct Debt (incl. Lease debt)	\$1,358
Overall Debt	\$1,944

Source: City of St. Louis Budget Division: based on 2003 revised U.S. census population of 348,039

The \$48.6 million in outstanding Public Safety General Obligation bonds is the sole outstanding issue of general obligation debt and the City well remains well under the 10% cap established by the Missouri Constitution. Overall net debt for the City remains moderate at about \$1,944 per capita. The City's ability to manage its finances and maintain positive fund balances are key to the City's debt issuance policy. On June 1, 1999, Moody's Investors Service assigned an underlying rating of A3 to the City's pending General Obligation Debt. This was an upgrade from the prior rating of Baa1. On June 2, 1999, Fitch Investor Services also raised its rating to A- from a previous rating of BBB+. Along with a reaffirmed rating of A- from Standard and Poor's Corporation following rating increases in recent years, the City's general obligation bond rating among the major rating agencies remains the strongest it has been in over twenty years.

CITY OF ST. LOUIS PROFILE

The City of St. Louis is located on the Mississippi River, the eastern boundary of the State of Missouri, just below its confluence with the Missouri River. The City occupies approximately 61.4 square miles of land and its area has remained constant since 1876. The City, a constitutional charter city not part of any county, is organized and exists under and pursuant to its Charter and the Constitution and the laws of the State of Missouri.









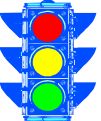

The City is popularly known as the "Gateway to the West," due to its central location and historic role in the nation's westward expansion. Commemorating this role is the 630-foot stainless steel Gateway Arch, the world's tallest man-made monument, which is the focal point of the 86-acre Jefferson National Expansion Memorial on the downtown riverfront.

City of St. Louis

Date of Incorporation	1823
City Charter Adopted	1914
Form of Government	Mayor/Council
Population (2000)	348,189

City Government By The Numbers


Wards	28	
Precincts	208	
Registered Voters	184,470	
Authorized No. Fire Fighters	631	
Fire Stations	30	
Auth. No. Police Officers	1,300	
Auth. No. Civ. Police Emp.	522	
Police Area Command Bldgs.	3	
Airport - Major Airlines	9	
Airport - Commuter Airlines	12	
Airport - Air Cargo Carriers	6	
Airport - Passengers (mil.)	16.1	
Aircraft - Operations	293,474	


Parks	105	
Park Acreage	3,000	
Recreation Centers	9	
Golf Courses	3	
Streets (miles)	11,100	
Alleys (miles)	400	
Intersections w/ Signal:	630	
Street Lights	51,500	
Alley Lights	16,000	
Easement Lights	2,100	
Water Treatment Plant:	2	
Mil. Gal. capacity per d	340	
Mil. Gal. storage capac	128	
Mil. Gal. daily demand	140	

Sources: Comptroller's Annual Report, City Departments

CITY OF ST. LOUIS PROFILE

City Economic and Employment Data

Personal Income 2002: ¹	\$27,352	
City Labor Force - January 2005 ²	155,575	
No. Employed - January 2005	141,172	
% Unemployed - January 2005	9.3%	

Total Employment - June 2004 ²	223,644	
Number of Establmnts - 2nd Q '04p	8,364	
Total Wages (in thous) - 2nd Qtr 04p	\$2,352,787	
Avg. Weekly Wage - @nd Qtr 04p	\$805	
Avg. Annual Pay - 2003	\$42,556	

Source:

¹ U.S. Bureau of Economic Analysis

² U.S. Bureau of Labor Statistics

2003 Top 20 Employers



<u>Company</u>	<u>Employees</u>
BJC Health Systems	14,086
Washington University	11,869
City of St. Louis	9,516
St. Louis University	9,205
Board of Education	8,433
SBC	7,092
U.S. Postal Service	6,211
Tenet Health Systems	6,207
State of Missouri	5,862
Anheuser Busch	5,163
AG Edwards & Sons	4,932
May Company	4,408
Schnucks Markets	3,280
Federal Defense Finance & Accounting Srvcs	3,280
Bank of America	3,057
Ameren	2,454
Junior College Dist.	2,422
Bi-State Dev. (Metro)	2,391
US Bank	1,909
Kiel Center Partners	1,857

Source: City of St. Louis Col. of Revenue

City Building and Construction

(Activity in mil. \$)



	Housing Value		Com./Ind.
	<u>New</u>	<u>Rehab</u>	<u>Dev.</u>
2000	\$33.59	\$49.85	\$431.88
2001	\$24.63	\$42.01	\$366.74
2002	\$41.59	\$103.58	\$335.57
2003	\$112.50	\$103.50	\$326.05
2004	\$93.03	\$96.43	\$333.01

Source:

Building Division, City of St. Louis

CITY OF ST. LOUIS PROFILE










America's Center - Convention Center

Contiguous Exhibit Space - sq. ft.	502,000
Flexible Meeting Rooms	84
3-Level Lecture Hall - Seats	1,411
Grand Ball Room - sq. ft.	28,000
Downtown Hotel Rooms (approx.)	7,600



Source:
America's Center

Largest Tourist Attractions

	2002 <u>Attendance</u>	
Jefferson National Expansion Memorial (Arch)	3,598,125	
St. Louis Baseball Cardinals (MLB)	3,011,756	
St. Louis Zoo	2,922,130	
President Casino on the Admiral	1,655,707	
St. Louis Science Center	1,446,919	
Missouri Botanical Garden	891,959	
St. Louis Blues Hockey (NHL) (2001)	800,319	
St. Louis Rams Football (NFL)	660,000	
Cathedral Basilica of St. Louis (New Cathedral)	650,000	
The Fox Theatre	620,000	
St. Louis Art Museum	479,813	
The Municipal Opera (Muny)	390,282	
St. Louis Symphony Orchestra	353,541	

Source:
St. Louis Business Journal



GLOSSARY

Accrual Basis of Accounting

Accounting method where revenues and expenditures are recognized when incurred as opposed to actually received or paid. The City's general fund and most special fund budgets use a modified accrual basis where encumbrances, including outstanding purchase orders, are budgeted as expenses but revenues are recognized only when they are actually received. (see also cash basis of accounting)

Affordable Housing Trust Fund

Fund created in 2001 from a portion of receipts of the local use tax. Funds are dedicated to providing for the development and preservation of affordable and accessible housing in the City. Loan and grant programs are administered by the Affordable Housing Commission. In November 2002, City voters replaced the existing local use tax with a new local use tax. Under a new allocation formula, a total of \$5.0 mil. per year is to be allocated to the Affordable Housing Trust Fund beginning in FY04.

Airport, City of St. Louis

An enterprise fund used to account for the revenues and expenses of Lambert-St. Louis International Airport. The Airport is owned by the City of St. Louis and operated by an Airport Commission. The use of Airport revenues, derived primarily from airline payments for use of the facilities, parking fees and interest earnings, are limited to purposes of the Airport.

Aldermen, Board of

28 elected individuals representing the 28 wards of the City and a President elected citywide who make up the City's legislative body.

Appropriation

A legal authorization to make expenditures and incur obligations for specific purposes.

Assessment

The valuation of property for the purpose of taxation.

Assessment Fund

Fund which supports the operations of the Assessor's office.

Balanced Budget

A budget in which resources available for appropriation equal or exceed planned expenditures.

Battered Persons Shelter Fund



Established by ordinance in 1992, the Battered Persons Shelter fund is used solely for providing operating expenses for shelters for battered persons. The fund is supported by a \$1.00 fee imposed on municipal ordinance violations cases filed in municipal court.

Budget

A financial plan based on anticipated revenues and expenditures for a given period.

Building Demolition Fund

Fund established to finance the demolition and board-up of dangerous buildings. The Building Demolition Fund is funded through a fee of \$2.00 per \$1,000 estimated value of any building permit issued by the City.

Capital Improvements Fund

Fund for long-term improvements and maintenance of the City's infrastructure and/or acquisition of equipment or property for public use.

Capital Improvement Sales Tax Trust Fund

Fund established for revenues received from the one-half cent sales tax for capital improvements. This fund consists of the following five accounts: Ward Capital Improvements Account (50%), Major Park Capital Improvements Account (17%), Recreation Center Capital Improvements Account (3%), Citywide Capital Improvements Account (20%) and Police Department Capital Improvements Account (10%).

Cash Basis of Accounting

Accounting method where revenues and expenses are recognized when actually received or paid. The City's enterprise funds are budgeted on a cash basis. (see also accrual basis of accounting)

Child Support Unit (Parent Locator Fund)

State supported fund through which the Circuit Attorney's Office conducts its program for recovering child support payments.

Columbia Bottoms Fund

Fund established to account for transactions relating to Columbia Bottoms, a parcel of land along the Missouri River which the City owns and leases out for private farming. With the recent sale of most of the property to the Missouri Department of Conservation, activity in this fund has been significantly reduced.

Communications (Cable) Fund

Fund established for the purpose of overseeing the cable television and communications industry in the city and establishing and managing a government access channel and necessary studio facilities. The Cable Division is funded through a 5% franchise fee imposed on Cable operators.

Community Development Agency



City agency responsible for planning and implementing the housing and economic development plans of the City of St. Louis. CDA also oversees operation, administration and programmatic and compliance monitoring of the Community Development Block Grant program as well as other federal housing programs.

Convention and Tourism Fund

Fund established to foster and promote the City's convention and tourism industry. Expenditures from the fund are approved by members of the C & T Board consisting of the Mayor, the Comptroller and the President of the Board of Aldermen.

Convention and Sports Facility Trust Fund

Fund established to help pay for the construction of the convention center expansion project. Revenues to the fund consist of the 3.5% gross receipts tax on hotel/motel receipts. These revenues are transferred to the City's General Fund and used to help pay the City's debt on the convention facility.

Debt Service

Expenditures for principal and interest payments on loans, notes and bonds.

Debt Service Fund

Fund used to specifically track payments of principal, interest and expenses on general obligation debt.

Department

Major unit of organization in the City comprised of subunits called divisions.

Employee Health & Hospital (Benefits) Fund

A fund financed jointly by the City, its employees and retirees to ensure adequate health and hospital care for employees and retirees of the City. The income for this fund is derived from appropriations made in other City funds.

Encumbrance

An obligation for which payment is anticipated but has not yet been made. Typically encumbrances represent outstanding purchase orders or contracts. The funds appropriated for these expenses are set aside in a reserve for payment. An item will remain an encumbrance until the obligation is paid or otherwise released.

Enterprise Fund

A fund 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 cost of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges. The City's Airport, Water and Parking Meter Divisions are enterprises.



Estimate and Apportionment, Board of

The City's chief fiscal body - comprised of the Mayor, the Comptroller and the President of the Board of Aldermen.

Expenditure

Money actually spent by the City for the programs and projects included in the approved budget.

Federal Mandate

A regulation or requirement imposed on state or local governments by the Federal government. Federal mandates include the Clean Air Act, Clean Water Act, Americans with Disabilities Act and Underground Storage Tank Regulations.

Fiscal Year

Twelve month period to which the budget applies. In St. Louis this is July 1 to June 30.

Fund Balance

The level of funds remaining as measured generally at the conclusion of a fiscal year, after allocating for all encumbrances and other commitments. The fund balance often includes reserves set-aside to meet future obligations, (e.g. 27th pay reserve, rainy day reserve). From a fiscal policy standpoint, emphasis is often placed on the level of "unreserved" fund balance as an indicator of fiscal stability. The City's policy is to achieve and maintain an unreserved general fund balance at a minimum of 5% of the general fund budget.

General Fund

The main operating fund of the City.

Health Care Trust Fund

Fund created in 2001 from a portion of receipts from the local use tax. Funds are dedicated to providing public health care services within the City of St. Louis. In November 2002, voters replaced the existing local use tax with a new local use tax. Under a new allocation formula, a total of \$5.0 mil. per year is to be allocated to the Health Care Trust Fund beginning in FY04.

Lateral Sewer Repair Fund

Fund established in 1989 to provide the cost of the repairs of leaking lateral sewer service lines on residential properties. The Lateral Sewer Repair Program is funded by a \$28.00 annual fee on all residential property having six or less dwelling units.

Local Use Tax

Originally approved by City voters in April, 2001, the local use tax is a tax imposed on purchases made from out of state vendors. The local use tax rate is equal to the City's local sales tax rate.



The local use tax was replaced by voters in November, 2002 with a new local use tax. Proceeds from the new local use tax are to be allocated each fiscal year in the amount of \$5 million each to the Health Care Trust Fund and the Affordable Housing Trust Fund, \$3 million for derelict building demolition and any excess amounts shall be dedicated collectively to any of the following: derelict building demolition, public safety, neighborhood preservation, development and preservation of affordable and accessible housing and public health care services.

Parking Funds

Funds used to track revenues and expenses of the Parking Meter Division and Kiel Parking Facility. Both of these operations are managed as separate enterprise funds by the Treasurer's Office.

Port Authority Fund

Fund established to manage all phases of the harbor and wharves operation including enforcement of all regulations with the guidance of a Port Development Commission.

Program

A set of activities conducted by a department or division to provide a specific service.

Property Tax

A tax levied on the assessed value of property (e.g. personal, real estate).

Public Facilities Protection Corporation

A not-for-profit corporation established to provide the City with Surety Bond and Insurance coverage and general protection from judgements rendered against the City. Each year the City makes a contribution to PFPC out of the General Fund.

Revenue

Income received by the City government from sources, such as taxes, fees, user charges, grants and fines, which is used to support the government's facilities and services to the community.

Riverboat Gaming Fund

Fund established to account for revenues from riverboat gaming. Appropriations from this fund are used for three primary purposes, 1) public safety on the riverfront, 2) capital expenditures (i.e. local bridge match, etc.) and 3) economic development. Revenue from riverboat gaming leases is received through the Port Authority Fund.

Special Revenue Fund

A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.



Street Improvement Fund (St. Louis Works)

A street and sidewalk improvement program funded primarily from a portion of City utility taxes and State motor vehicle sales tax revenues. St. Louis Works funds are appropriated under a separate ordinance on a calendar year basis.

Tax Incremental Financings

Funding mechanism that uses the tax benefits generated by a development to pay the debt for improvements related to the development.

Transportation Fund

Fund used to account for revenues and appropriations from the 0.5% transportation sales tax and the 0.25% metrolink sales tax. All revenues into the transportation fund are currently appropriated to the Bi-State Development Agency that operates the regional mass transit system.

Trust and Agency Funds

Funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds.

Twenty-Seventh Pay Reserve

Reserve set aside for fiscal years in which a 27th pay day occurs. With bi-weekly pay periods, a 27th pay day will occur once every 11 years. A 27th pay day last occurred in FY95 and will occur again in FY06.

User Fees

Fees paid directly by citizens for a service used (i.e. park fees, bus fares).

Water Division Fund

An enterprise fund used to account for the revenues and expenses of the Water Division, which is owned and operated by the City and funded primarily through water sales.



COMMON ACRONYMS

ADA	Americans with Disabilities Act	ESD	Equipment Services Division
BPS	Board of Public Service	ITSA	Information Technology Services Agency
CDA	Community Development Agency	ISTEA	Inter-modal Surface Transportation Efficiency Act
CDBG	Community Development Block Grant	LLEBG	Local Law Enforcement Block Grant
CEMA	City Emergency Management Agency	MSI	Medium Security Institution
CJC	City Justice Center	NSO	Neighborhood Stabilization Officer
COPS	Community Oriented Policing Services	PFPC	Public Facilities Protection Corporation
CORR	Community Outreach for Risk Reduction	REJIS	Regional Justice Information Service
CREA	Civil Rights Enforcement Agency	SLAA	St. Louis Area Agency on Aging
C&T	Convention and Tourism Fund	SLATE	St. Louis Agency on Training and Employment
CSB	Citizen Service Bureau	SLDC	St. Louis Development Corporation
E&A	Board of Estimate and Apportionment	SLPD	St. Louis Metropolitan Police Department
EMS	Emergency Medical Service		