



CITY OF ST. LOUIS, MISSOURI

OMB Circular A-133 Single Audit Report

Year ended June 30, 2014

(With Independent Auditors' Reports Thereon)

CITY OF ST. LOUIS, MISSOURI

OMB Circular A-133 Single Audit Report

Year ended June 30, 2014

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 – 2
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments And Non-Profit Organizations</i>	3 – 6
Schedule of Expenditures of Federal Awards	7 – 19
Notes to Schedule of Expenditures of Federal Awards	20 – 21
Schedule of Findings and Questioned Costs	22 – 36

The City's audited basic financial statements, as of and for the year ended June 30, 2014, are separately attached hereto.

[This page intentionally left blank]



KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Honorable Mayor and
Members of the Board of Aldermen
City of St. Louis, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2014. Our report on the basic financial statements included a reference to other auditors. Other auditors audited the financial statements of the pension trust funds and the St. Louis Development Corporation, a discretely presented component unit, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the pension trust funds were not audited in accordance with *Government Auditing Standards*. Our report on the basic financial statements included an emphasis of a matter because effective July 1, 2013, the City of St. Louis, Missouri implemented Government Accounting Standards Board (GASB) No. 65, *Items Previously Presented as Assets and Liabilities* and GASB No. 69, *Government Combinations and Disposals of Government Operations*. Our opinion was not modified with respect to this matter.

Internal Control Over Reporting

In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's



financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2014-01, 2014-03, and 2014-04 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2014-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

St. Louis, Missouri
December 23, 2014



KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Federal Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

To the Honorable Mayor and
Members of the Board of Aldermen
City of St. Louis, Missouri:

Report on Compliance for Each Major Federal Program

We have audited the City of St. Louis, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of St. Louis, Missouri's major federal programs for the year ended June 30, 2014. The City of St. Louis, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of St. Louis, Missouri's basic financial statements include the operations of the St. Louis Development Corporation, a discretely presented component unit, and St. Louis Area Agency on Aging, a department of the City of St. Louis, Missouri, which expended \$5,278,047 and \$2,696,891, respectively in federal awards during the year ended June 30, 2014, which are not included on the City of St. Louis, Missouri's schedule of expenditures of federal awards for the year ended June 30, 2014. Our audit, described below, did not include the federal awards of the St. Louis Development Corporation, because this discretely presented component unit engaged other auditors to perform an audit in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, our auditing procedures, described below, did not include the federal awards of St. Louis Area Agency on Aging, a department of the City of St. Louis, Missouri, because this department engaged other auditors to perform an audit in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of St. Louis, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of St. Louis,



Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and modified audit opinions on compliance. However, our audit does not provide a legal determination of the City of St. Louis, Missouri's compliance.

Basis for Adverse Opinion on CFDA 14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program

As described in the accompanying schedule of findings and questioned costs, the City of St. Louis, Missouri did not comply with requirements regarding CFDA 14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program as described in Finding 2014-007 for subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for the City of St. Louis, Missouri to comply with the requirements applicable to that program.

Adverse Opinion on CFDA 14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph directly above, the City of St. Louis, Missouri did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program for the year ended June 30, 2014.

Basis for Adverse Opinion on CFDA 14.267 – U.S. Department of Housing and Urban Development – Continuum of Care

As described in the accompanying schedule of findings and questioned costs, the City of St. Louis, Missouri did not comply with requirements regarding CFDA 14.267 – U.S. Department of Housing and Urban Development – Continuum of Care as described in Finding 2014-009 for subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for the City of St. Louis, Missouri to comply with the requirements applicable to that program.

Adverse Opinion on CFDA 14.267 – U.S. Department of Housing and Urban Development – Continuum of Care

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph directly above, the City of St. Louis, Missouri did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.267 – U.S. Department of Housing and Urban Development – Continuum of Care for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of St. Louis, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of



findings and questioned costs as Findings 2014-005, 2014-006, 2014-010, and 2014-011. Our opinion on each major federal program is not modified with respect to the matters referred to in this paragraph.

The City of St. Louis, Missouri's responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of St. Louis, Missouri's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City of St. Louis, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of St. Louis, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of St. Louis, Missouri's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2014-006, 2014-007, and 2014-009 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2014-005, 2014-008, 2014-010, and 2014-011 to be significant deficiencies.

The City of St. Louis, Missouri's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of St. Louis, Missouri's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of St. Louis, Missouri's basic financial statements. We issued our report thereon dated December 23, 2014, which contained unmodified opinions on those financial statements. Our report on the basic financial statements included a reference to other auditors because we did not audit the financial statements of the pension trust funds and the St. Louis Development Corporation, a discretely presented component unit. Our report on the basic financial statements included an emphasis of a matter because effective July 1, 2013, the City of St. Louis, Missouri implemented Government Accounting Standards Board (GASB) No. 65, *Items Previously Presented as Assets and Liabilities* and GASB No. 69, *Government Combinations and Disposals of Government Operations*. Our opinion was not modified with respect to these matters. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

St. Louis, Missouri
March 30, 2015

[This page intentionally left blank]

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed-through the Missouri Department of Health & Senior Services Child and Adult Care Food Program	10.558	ERS4611-187	\$ 898,393 <u>898,393</u>	
Child Nutrition Cluster - Summer Food Service Program for Children	10.559	ERS219-0202i	1,388	
	10.559	ERS219-1203i	1,115	
	10.559	ERS219-12104	833	
	10.559	—	404,732 <u>408,068</u>	
Total United States Department of Agriculture				<u>1,306,461</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Awards				
Community Development Block Grants (CDBG) Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-29-0002	1,266,338	
	14.218	B-09-MC-29-0006	(46,756)	
	14.218	B-10-MC-29-0006	74,045	
	14.218	B-11-MC-29-0006	(46,784)	
	14.218	B-12-MC-29-0006	156,090	
	14.218	B-13-MC-29-0006	8,933,933	
	14.218	B-14-MC-29-0006	4,497,842 <u>14,834,708</u>	
Passed-through the Missouri Department of Economic Development CDBG - State-Administered CDBG Cluster - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	2008-DI-40 / DI-38	912,200	
	14.228	2008-DN-17	3,953	
	14.228	2011-DN-03	119,667	
	14.228	2008-DI-30	113,768 <u>1,149,588</u>	
Direct Awards				
Emergency Solutions Grant Program	14.231	E-11-MC-29-0006	1,503,078	
	14.231	—	119,000	
Passed-through the Missouri Housing Development Commission Emergency Solutions Grant Program	14.231	13-743-E	6,303 <u>1,628,381</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Direct Awards				
Supportive Housing Program	14.235	MO0006B7E011101	87,066	
	14.235	MO0006B7E011101	56,054	
	14.235	MO0007B7E010800	283,848	
	14.235	MO0010B7E011003	28,498	
	14.235	MO0011B7E011104	250,043	
	14.235	MO0012B7E011104	38,799	
	14.235	MO0015B7E011104	27,044	
	14.235	MO0019B7E011104	192,356	
	14.235	MO0020B7E011104	(1)	
	14.235	MO0021B7E011104	1	
	14.235	MO0107B7E011103	63,796	
	14.235	MO0110B7E011103	1	
	14.235	MO0111B7E011103	24,349	
	14.235	MO0112B7E011103	78,457	
	14.235	MO0113B7E011103	80,824	
	14.235	MO0125B7E010900	201,855	
	14.235	MO0126B7E010900	154,509	
	14.235	MO0135B7E011102	93,083	
	14.235	—	88,040	
			<u>1,748,622</u>	
HOME Investments Partnerships Program	14.239	M-10-MC-29-0500	108,441	
	14.239	M-11-MC-29-0500	170,674	
	14.239	M-12-MC-29-0500	1,235,399	
	14.239	M-13-MC-29-0500	1,968,222	
	14.239	M-14-MC-29-0500	297,454	
			<u>3,780,190</u>	
Housing Opportunities for Persons with AIDS	14.241	MO-H012-F002	1,119,569	
			<u>1,119,569</u>	
Community Development Block Grants/Section 108 Loan Guarantee	14.248	—	30	
			<u>30</u>	
ARRA Homelessness Prevention and Rapid Re-Housing Program	14.257	S-09-MY-29-0006	1,615	
			<u>1,615</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Continuum of Care	14.267	MO0006L7E011202	211,740	
	14.267	MO0011L7E011205	349,847	
	14.267	MO0012L7E011205	115,587	
	14.267	MO0014L7E011205	182,430	
	14.267	MO0015L7E011205	173,824	
	14.267	MO0019L7E011205	496,481	
	14.267	MO0020L7E011205	246,463	
	14.267	MO0021L7E011205	590,999	
	14.267	MO0107L7E011204	128,326	
	14.267	MO0108L7E011204	256,083	
	14.267	MO0109L7E011204	161,682	
	14.267	MO0110L7E011204	190,996	
	14.267	MO0111L7E011204	84,183	
	14.267	MO0111L7E011204	77,540	
	14.267	MO0113L7E011204	291,247	
	14.267	MO0114L7E011204	118,751	
	14.267	MO0114L7E011204	172,970	
	14.267	MO0114L7E011305	48,947	
	14.267	MO0115L7E011204	76,357	
	14.267	MO0135L7E011203	306,555	
	14.267	—	108,318	
			<u>4,389,326</u>	
Fair Housing Assistance Program - State and Local	14.401	FF207K127019	206,084	
			<u>206,084</u>	
Lead Hazard Reduction Demonstration Grant Program	14.905	MOLHD0222-11	1,017,724	
			<u>1,017,724</u>	
Total United States Department of Housing and Urban Development				<u>29,875,837</u>

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
UNITED STATES DEPARTMENT OF JUSTICE				
Direct Awards				
Shared Federally Forfeited Property Program	16.922 16.922	MO0950D00 MOSPD0024	105,411 979,126 <u>1,084,537</u>	
Law Enforcement Assistance Narcotics & Dangerous Drug Training	16.004	—	256,994 <u>256,994</u>	
Alcohol, Tobacco, & Firearms Training Assistance	16.012	—	55,597 <u>55,597</u>	
Law Enforcement Assistance - FBI Crime Laboratory Support	16.301	—	2,950 <u>2,950</u>	
Services for Trafficking Victims	16.320	G12MW0001A-R	17,196 <u>17,196</u>	
Anti-Terrorism Emergency Services	16.321	—	32,603 <u>32,603</u>	
Direct Awards				
Juvenile Accountability Block Grant (JABG)	16.523	2012-DJ-BX-0288	67,107	
Passed-through Missouri Department of Public Safety Juvenile Accountability Block Grant (JABG)	16.523 16.523	2011-JABG-LG-05 2011-JABG-LG-008	113,570 66,803 <u>247,480</u>	
Passed-through the Missouri Department of Public Safety National Institute of Justice Research, Evaluation, & Development Project Grants	16.564	2013-MCLUP-006	117,582 <u>117,582</u>	
Crime Victim Assistance	16.575 16.575	2010-VOCA-056-STL 2011-VOCA-081-STL	46,300 135,956 <u>182,256</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Passed through the State of Missouri Edward Bryne Memorial Formula Grant Program - Non-ARRA	16.579	2014-JAG-GR-025	30,678	
Passed-through the Missouri Department of Public Safety Edward Bryne Memorial Formula Grant Program - Non-ARRA	16.579	2011-JAG-023	108,239 138,917	
Direct Awards Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0025	100,000 100,000	
Passed-through the Missouri Department of Public Safety Violence Against Women Formula Grants - Non-ARRA	16.588	2010-VAWA-094-STL 2011-VAWA-026-STL	29,333 96,426 125,759	
ARRA - Violence Against Women Formula Grants (Recovery Act)	16.588	2009-VAWA-01R-STL	127,575 127,575	
Total Violence Against Women Formula Grants			253,334	
Passed-through the St. Louis Family Courts Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	—	17,047 17,047	
Direct Awards Project Safe Neighborhoods	16.609	2010GPBX0030 2011GPBX0064	(76) 28,699 28,623	
Public Safety Partnership and Community Policing Grants - Non-ARRA	16.710	2013ULWX0033	92,942 92,942	
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009RJWX0057	17,764 17,764	
Total Public Safety Partnership and Community Policing Grants			110,706	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Passed-through the Missouri Department of Public Safety Gang Resistance Education and Training	16.737	2010-11-EUDL-19	4,606 <u>4,606</u>	
Direct Awards JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program - Non-ARRA	16.738 16.738 16.738	2011-DJ-BX-2942 2012-DJ-BX-0288 2013-DJ-BX-0301	423,114 296,071 9,969 <u>729,154</u>	
Direct Awards DNA Backlog Reduction Program	16.741 16.741	2012DNBX0011 2013DNBX0005	164,543 67,603 <u>232,146</u>	
Passed-through the Missouri Department of Public Safety Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	—	60,206 <u>60,206</u>	
Direct Awards Economic High Tech & Cyber Crime Prevention	16.752 16.752	2012BEBX0014 —	62,556 2,403 <u>64,959</u>	
Congressionally Recommended Awards	16.753	2010DJBX0559	652,161 <u>652,161</u>	
ARRA - Internet Crimes Against Children's Task Force	16.800	—	77,390 <u>77,390</u>	
Second Chance Act Prisoner Reentry Initiative	16.812 16.812	2010RNBX0008 2013-CZ-BX-0020	33,811 119,144 <u>152,955</u>	
Total United States Department of Justice				<u>4,619,399</u>

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
UNITED STATES DEPARTMENT OF LABOR				
Passed-through the Missouri Department of Economic Development Unemployment Insurance	17.225	99-06-06-12	126,617 <u>126,617</u>	
Workforce Investment Act (WIA) Cluster	17.258	10-06-06-13	54,592	
Workforce Investment Act (WIA) Cluster-Adult Program	17.258	10-06-06-14	1,052,721 <u>1,107,313</u>	
Workforce Investment Act (WIA) Cluster-Youth Activities	17.259	10-06-06-13	20,901	
	17.259	10-06-06-14	1,501,934 <u>1,522,835</u>	
Workforce Investment Act (WIA) Cluster-Dislocated Workers	17.278	10-06-06-13	42,964	
	17.278	10-06-06-14	651,266	
	17.278	25-06-06-11	68,555	
	17.278	99-06-06-13	11,239 <u>774,024</u>	
Total Workforce Investment Act (WIA) Cluster			3,404,172	
Direct Awards				
H-1B Job Training Grants	17.268	JA-22529-11-60-A-29	578,652 <u>578,652</u>	
Community Based Job Training Grants	17.269	CB-20611-10-60-A-29	54,531 <u>54,531</u>	
Reintegration of Ex-Offenders	17.270	PE-24501-13-60-A-29	166,369	
Passed-through Father's Support	17.270	500-14	12,645 <u>179,014</u>	
Reintegration of Ex-Offenders				
Passed-through the Missouri Department of Economic Development				
Workforce Investment Act (WIA) National Emergency Grants	17.277	25-06-06-11	365,280 <u>365,280</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Direct Awards				
Homeless Veterans Reintegration Project (HVRP)	17.805	—	26,188	
			<u>26,188</u>	
Total United States Department of Labor				<u>4,734,454</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Direct Awards				
Airport Improvement Program	20.106	A.I.P. 3-29-0085-109	277,455	
	20.106	A.I.P. 3-29-0085-125	(99,972)	
	20.106	A.I.P. 3-29-0085-126	5,060	
	20.106	A.I.P. 3-29-0085-127	7,932	
	20.106	A.I.P. 3-29-0085-130	358,854	
	20.106	A.I.P. 3-29-0085-132	1,043,860	
	20.106	A.I.P. 3-29-0085-134	81,885	
	20.106	A.I.P. 3-29-0085-136	2,003,110	
	20.106	A.I.P. 3-29-0085-137	182,985	
	20.106	A.I.P. 3-29-0085-138	172,477	
	20.106	A.I.P. 3-29-0085-139	14,193	
			<u>4,047,839</u>	
Passed-through the Missouri Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction (Non-ARRA)	20.205	BROB-115(14)	51,551	
	20.205	BRO-B115(15)	98,780	
	20.205	CMAQ-5400(656)	40,350	
	20.205	CMAQ-5401(707)	88,005	
	20.205	CMAQ-5401(652)	823,320	
	20.205	CMAQ-5503(601)	15,821	
	20.205	CMAQ-5503(601)	114,908	
	20.205	CMAQ-5526(634)	69,288	
	20.205	CMAQ-5595(612)	190,195	
	20.205	DP-9900(618)	106,551	
	20.205	DP-BRM-5429(601), STP-5429(608) & DP-5429(609)	149,835	
	20.205	STP-5401(623)	18,163	
	20.205	STP-5401(705)	92,832	
	20.205	STP-5401(708)	29,313	
	20.205	STP-5407(615)	212	
	20.205	STP-5420(610)	270,957	
	20.205	STP-5422(604)	10,515	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
	20.205	STP-5422(611); TIP5264-11	260,178	
	20.205	STP-5422(612)	432,928	
	20.205	STP-5425(611)	33,213	
	20.205	STP-5425(611)	1,845	
	20.205	STP-5425(612)	1,282,855	
	20.205	STP-5429(611)	190,213	
	20.205	STP-5430(603)	11,984	
	20.205	STP-5500(662)	39,244	
	20.205	STP-5575(622)	26,722	
	20.205	STP-5603(605)	14,083	
	20.205	STP-5603(605)/BR-NBIS (614)	401	
	20.205	STP-5603(605)/BR-NBIS (614)	32,353	
	20.205	STP-5603(607), DP-5603(602)	228,980	
	20.205	STP-5616(602)	66,565	
	20.205	STP-5620(601)	55,038	
	20.205	STP-9900(665)	700	
	20.205	TCSP-5555(608)	304,027	
			<u>5,151,925</u>	
	20.205	ARRA-ES06(030)	32,543	
	20.205	ARRA-STP-5421(602)	(25,525)	
	20.205	ARRA-ES06(026)	158,071	
	20.205	ARRA-ES06(031)	(5,496)	
	20.205	ARRA-STP-5421(602)	376,695	
	20.205	ARRA-STP-5595(611)	(25,125)	
	20.205	DP-ARRA-STP-5603(602)	(108,854)	
			<u>402,309</u>	
			<u>5,554,234</u>	
Total Highway Planning and Construction Cluster				
National Motor Carrier Safety	20.218	13-CMV-MC-002	438,913	
			<u>438,913</u>	
Highway Safety Cluster				
Passed-through the Missouri Department of Transportation	20.600	13-PT-02-083	142,526	
State and Community Highway Safety	20.600	FWZEA42Z	148,132	
	20.600	13-M5HVE-03-060	83,308	
	20.600	13-M5HVE-03-061	9,644	
			<u>383,610</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Passed-through Central Missouri State University Safety Belt Performance Grants	20,609	—	12,012 <u>12,012</u>	<u>10,436,608</u>
Total Highway Safety Cluster			395,622	
Total United States Department of Transportation				
UNITED STATES EQUAL OPPORTUNITY COMMISSION				
Direct Awards Employment Discrimination - Title IVV of the Civil Rights Act of 1964	30,001	EECCN120102	25,750 <u>25,750</u>	<u>25,750</u>
Total United States Equal Opportunity Commission				
GENERAL SERVICES ADMINISTRATION				
Passed through Missouri Secretary of State Election Reform Payments	39,011	—	18,869 <u>18,869</u>	<u>18,869</u>
Total General Services Administration				
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the East-West Gateway Council of Governments Nonpoint Source Implementation Grants	66,460	—	140,330 <u>140,330</u>	<u>140,330</u>
Total Environmental Protection Agency				
UNITED STATES ELECTION ASSISTANCE COMMISSION				
Passed-through the Missouri Secretary of State's Office Help America Vote Act Requirements Payments	90,401	—	53,343 <u>53,343</u>	<u>53,343</u>
Total United States Election Assistance Commission				

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-through the Missouri Department of Health & Senior Services Public Health Emergency Preparedness	93.069 93.069	AOC12380186 AOC12380187	108,324 216,583 <u>324,907</u>	
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116 93.116	AOC11380143 AOC14380054	14,749 30,807 <u>45,556</u>	
Passed-through Washington University Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	WU-11-148	10,243 <u>10,243</u>	
Passed-through Better Family Life Temporary Assistance for Needy Families (TANF) Cluster - TANF State Program	93.558 93.558	2013 BFL MWA/TANF 2014 BFL MWA	10,271 472,685	
Passed-through the Missouri Department of Economic Development Temporary Assistance for Needy Families (TANF) Cluster - TANF State Program	93.558	42-06-06-14	117,712 <u>600,668</u>	
Passed-through the Missouri Department of Social Services Child Support Enforcement	93.563	—	1,734,803 <u>1,734,803</u>	
Passed-through the Missouri Department of Health & Senior Services CCDF Cluster - Child Care and Development Block Grant	93.575 93.575 93.575	AOC13380070 DH090004103 ERS22008085	10,114 1,347 (70) <u>11,391</u>	
Refugee and Entrant Assistance Discretionary Grant	93.576	AOC12380089	47,193 <u>47,193</u>	
ARRA - Child Care and Development Block Grant	93.713 93.713	AOC10380271 AOC11380049	6,635 572 <u>7,207</u>	
Direct Awards Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants	93.914 93.914	H89HA00033-20-00 H89HA00033-21-00	3,919,589 1,621,486 <u>5,541,075</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Passed-through the Missouri Department of Health & Senior Services HIV Care Formula Grants	93.917	AOC13380108	560,974 <u>560,974</u>	
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	AOC12380326	74,430 <u>74,430</u>	
HIV Prevention Activities - Health Department Based	93.940	AOC11380101	834,381 <u>834,381</u>	
Human Immunodeficiency Virus (HIV) Acquired Immunodeficiency Syndrome (AIDS) Surveillance	93.944 93.944 93.944	AOC11380116 AOC14380072 AOC14380073	92,924 65,221 22,899 <u>181,044</u>	
ARRA - Maternal and Child Health Services Block Grant to the States	93.994 93.994 93.994	AOC11380084 AOC12380092 AOC12380184	2,425 139,173 14,323 <u>155,921</u>	
Total United States Department of Health and Human Services				<u>10,129,793</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed-through St. Louis Regional Response Team State and Local Homeland Security National Training Program	97.005	—	18,229 <u>18,229</u>	
Passed-through Missouri State Emergency Management Agency Emergency Management Performance Grants	97.042 97.042	EMW-2013EP-00028-101-5626 EMW-2014-EP-00005-104	68,471 70,084 <u>138,555</u>	

CITY OF ST. LOUIS, MISSOURI

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal grantor/ pass-through grantor/ program title/project title	Catalog of federal domestic assistance number	Identification number	2014 Expenditures	Subtotal by agency
Direct Awards				
Assistance to Firefighters Grant	97.044	EMW-2009-FO-09661	12,644	
	97.044	EMW-210-FH-00479	(374,270)	
	97.044	EMW-2010-FO-01634	29,142	
	97.044	EMW-210-FP-01294	29,629	
	97.044	EMW-2011-FO-07765	21,345	
	97.044	EMW-2012-FO-04573	1,191	
	97.044	EMW-2012-FO-04573	54,000	
	97.044	EMW-2011-FH-00986	1,129,582	
			<u>903,263</u>	
Passed through the East-West Gateway Homeland Grant Security Program	97.067	—	603,721	
			<u>603,721</u>	
Direct Awards				
National Explosive Detection Canine Team Program	97.072	HSTS0208HCAN457	442,028	
			<u>442,028</u>	
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0213HSLR325	175,200	
			<u>175,200</u>	
Airport Checked Baggage Screening System Program	97.100	HSTS04-10-H-CT1188	3,099,354	
			<u>3,099,354</u>	
ARRA - TSA Airport Checked Baggage Inspection System Program	97.117	HSTS04-10-H-REC133	5,260,527	
			<u>5,260,527</u>	
Total United States Department of Homeland Security				<u>10,640,877</u>
Total Federal Expenditures			\$ 71,981,721	

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

CITY OF ST. LOUIS, MISSOURI

Notes to Schedule of Expenditures of Federal Awards, continued

Year ended June 30, 2014

(1) General

The accompanying schedule of expenditures of federal awards (the schedule) presents the activity of all federal financial award programs of the City of St. Louis, Missouri (the City) for the year ended June 30, 2014. The City's reporting entity is defined in Note 1 to the City's basic financial statements. For the purposes of the schedule, federal awards include grants, contracts, loans, and loan guarantee agreements entered into directly between the City and agencies and departments of the federal government or passed through other government agencies or other organizations.

(2) Basis of Accounting

The accompanying schedule is presented using the accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) Basis of Presentation

The accompanying schedule does not include expenditures related to federal awards programs administered by the St. Louis Development Corporation, a discretely presented component unit, and St. Louis Area Agency on Aging, a department of the City of St. Louis, Missouri, because their federal awards programs are reported upon separately.

CITY OF ST. LOUIS, MISSOURI

Notes to Schedule of Expenditures of Federal Awards, continued

Year ended June 30, 2014

(4) Grants to Subrecipients

The City has contracts with various service providers to meet the objectives of the various federal award programs. The following expenditures of federal awards were incurred by subrecipients and reimbursed by the City for the year ended June 30, 2014:

<u>CFDA No.</u>	<u>Expenditures</u>
14.218	\$ 7,464,879
14.231	1,545,284
14.235	1,660,580
14.239	986,070
14.241	1,119,569
14.248	30
14.267	4,281,008
16.812	130,554
17.225	81,003
17.258	340,495
17.259	952,834
17.268	62,494
17.269	45,963
17.270	152,738
17.278	202,204
93.558	400,172
93.914	5,079,196
93.917	295,214
93.940	278,382
	<u>\$ 25,078,669</u>

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

(1) Summary of Auditors' Results:

- (a) The type of report issued on the basic financial statements: **Unmodified Opinions on the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information**
- (b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: **Yes**
Material weaknesses: **Yes**
- (c) Noncompliance which is material to the basic financial statements: **No**
- (d) Significant deficiencies in internal control over major programs: **Yes**
Material weaknesses: **Yes**
- (e) The type of report issued on compliance for major programs:
 - CFDA #14.218 – U.S. Department of Housing and Urban Development – Community Development Block Grants – Entitlement Grants Cluster – **Unmodified Opinion**
 - CFDA #14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program – **Adverse Opinion**
 - CFDA #14.239 – U.S. Department of Housing and Urban Development – HOME Investment Partnerships Program – **Unmodified Opinion**
 - CFDA #14.267 – U.S. Department of Housing and Urban Development – Continuum of Care Program – **Adverse Opinion**
 - CFDA #16.000 – U.S. Department of Justice – Shared Federally Forfeited Property Program – **Unmodified Opinion**
 - CFDA #20.106 – U.S. Department of Transportation – Airport Improvement Program – **Unmodified Opinion**
 - CFDA #93.914 – U.S. Department of Health and Human Services – Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants – **Unmodified Opinion**
 - CFDA #97.100 – U.S. Department of Homeland Security – Airport Checked Baggage Screening System Program – **Unmodified Opinion**
 - CFDA #97.117 – U.S. Department of Homeland Security – TSA Airport Checked Baggage Inspection System Program (ARRA) – **Unmodified Opinion**

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

- (f) Any audit findings which are required to be reported under section .510(a) of OMB Circular A-133: **Yes**
- (g) Major Programs:
- CFDA #14.218 – U.S. Department of Housing and Urban Development – Community Development Block Grants – Entitlement Grants Cluster
 - CFDA #14.235 – U.S. Department of Housing and Urban Development – Supportive Housing Program
 - CFDA #14.239 – U.S. Department of Housing and Urban Development – HOME Investment Partnerships Program
 - CFDA #14.267 – U.S. Department of Housing and Urban Development – Continuum of Care Program
 - CFDA #16.000 – U.S. Department of Justice – Shared Federally Forfeited Property Program
 - CFDA #20.106 – U.S. Department of Transportation – Airport Improvement Program
 - CFDA #93.914 – U.S. Department of Health and Human Services – Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants
 - CFDA #97.100 – U.S. Department of Homeland Security – Airport Checked Baggage Screening System Program
 - CFDA #97.117 – U.S. Department of Homeland Security – TSA Airport Checked Baggage Inspection System Program (ARRA)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,159,452**
- (i) Auditee qualified as a low-risk auditee under section. 530 of OMB Circular A-133: **No**

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:

FINDING 2014-001 – INTERNAL CONTROL OVER FINANCIAL REPORTING – MATERIAL WEAKNESS

Comment and Recommendation:

The preparation of the basic financial statements and required supplementary information requires the City to assess and evaluate the adequacy of the presentation and disclosure of the financial activity in conformity with U.S. generally accepted accounting principles (GAAP). While performing procedures related to the presentation and disclosure of information in conformity with U.S. GAAP, we identified the City did not have adequate internal controls that effectively assessed and evaluated the adequacy of the presentation and disclosure of the financial activity in conformance with U.S. GAAP, which resulted in the identification of the following matters:

- FAMS has the ability to calculate depreciation on a straight-line basis over the estimated useful life of a capital asset. However, we noted that if the City makes subsequent improvements to the asset, FAMS will depreciate those improvements over the remaining useful life of the original asset instead of over the life of the improvement. Additionally, FAMS does not have the capability to retain a history of transactions. As a result, there is a risk that depreciation expense will not be accurately stated within the basic financial statements.
- The City did not properly implement GASB No. 65. Paragraph 62 of NCGA Statement 1 provides that revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available. Specifically, the City did not reclassify the unearned revenues as deferred inflows of resources.
- The City did not properly record the cumulative effective change in accounting principle related to the absorption of the Police Department by the City within the government wide - governmental activities or the internal service funds.
- Initially, the financial statements did not accurately reflect a donation received from the St. Louis Police Foundation in a prior year. The City increased revenue when it should have been recorded as a cumulative effect change in accounting principle.
- Initially the pledged revenue disclosure did not accurately reflect the amount of principal and interest remaining.

In order to mitigate the risk of not recording and presenting information in accordance with U.S. GAAP, we recommend the City enhance its process and procedures related to the assessment and evaluation of the adequacy of recorded amounts and the presentation and disclosure of the financial activity in conformity with U.S. GAAP.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

View of Responsible Official:

The City agrees with the recommendation to enhance its process and procedures and will provide additional resources to enable timely preparation and additional verification of recorded amounts.

FINDING 2014-002 – ACCESS TO INFORMATION TECHNOLOGY SYSTEMS – SIGNIFICANT DEFICIENCY

Comment and Recommendation:

Information systems and the related information technology general controls have a pervasive impact throughout the City. As a result of the reliance upon the integrity of system-generated information during the performance of the City's operations, it is imperative that the City establish appropriate information technology general controls, including controls over access to programs.

Entities should establish controls over access to programs and data in order to mitigate the risk of unauthorized or inappropriate access to an organization's financial reporting applications and data. While performing inquiries related to the City's information technology general controls, we noted that the City does not maintain documentation to support an on-going review and monitoring of appropriate access rights for AIMS. In addition, the City does not maintain documentation to support the monitoring of access for terminated users. As a result, the City has not evidenced that access rights have been determined to be appropriate on an on-going basis.

As the City implements the New World general ledger system, we recommend the City be cognizant of information technology general controls and work to enhance its internal control activities and maintain documentation supporting the enhanced control activities related to information technology access controls.

View of Responsible Official:

With the implementation of the New World System, the City will have greater capability of internal control over information technology access. A team is working on the best approach in implementing the available controls of the new system and proper City procedures in utilizing these controls.

FINDING 2014-003 – FINANCIAL REPORTING FOR CASH AND INVESTMENTS – MATERIAL WEAKNESS

Comment and Recommendation:

While performing procedures related to cash and investments at the Lambert – St. Louis International Airport, an enterprise fund of the City, (the Airport), we identified various audit adjustments after receipt of the respective bank statement. Specifically, we noted the following matters:

- Monthly cash reconciliations for fiscal year 2014 cash accounts were not completed on a timely basis.
- The cash and investments disclosure did not initially accurately reflect credit rating information as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

- Unrestricted cash and cash equivalents and investments and restricted cash and cash equivalents and investments were not initially recorded within the financial statements accurately.
- The cash flow statement did not initially accurately reflect the ending balance of cash and cash equivalents.

In order to mitigate the risk of not accurately presenting cash and investment information within the basic financial statements, we recommend the Airport enhance its internal controls over cash and investments. Specifically, we recommend the Airport ensure that cash reconciliations are completed on a timely basis throughout the fiscal year. In addition, we recommend that the review process related to the allocation of cash and investments within the financial statements be enhanced.

View of Responsible Official:

The Airport regards this as a serious finding and has already begun the process to proactively address the findings. We recently hired a new Airport Assistant Director-Finance & Accounting that not only is a Certified Public Accountant but was an auditor. In his first few weeks in the position, he has shown that he understands the issues and knows how to correct them. He and the Chief Financial Officer have discussed plans on how to move forward that includes implementing procedures to enhance controls over cash and investments. The entire Airport Finance & Accounting Office will be involved in this implementation.

FINDING 2014-004 – INTERNAL CONTROL OVER FINANCIAL REPORTING – MATERIAL WEAKNESS

Comment and Recommendation:

The preparation of the basic financial statements requires the Lambert – St. Louis International Airport, an enterprise fund of the City, (the Airport), to assess and evaluate the adequacy of the amounts recorded and the presentation and disclosure of the financial activity in conformity with U.S. generally accepted accounting principles (GAAP). While performing procedures related to the amounts recorded and the presentation and disclosure of information in conformity with U.S. GAAP, we identified the Airport had not implemented internal controls that effectively assessed and evaluated the accuracy of the amounts recorded and the adequacy of the presentation and disclosure of the financial activity in conformance with U.S. GAAP, which resulted in the identification of the following matters:

- Internal control enhancements related to the completeness, accuracy, and presentation of various financial statement disclosures were identified in accordance with U.S. GAAP were identified. Specifically, the following were noted:
 - Initially the related party disclosure did not initially reflect amounts due to the City of St. Louis accurately.
 - Initially commitments and contingencies did not accurately reflect the amount of contingencies accurately.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

- Initially retirement plan actuarial assumption changes, as well as the required contribution relative to the Firemen's Retirement System of St. Louis, were not initially accurately disclosed accurately.
- Initially the creation and required disclosure of the Firefighters' Retirement Plan of the City of St. Louis was not disclosed.
- Internal control enhancements related to the accurate recording of financial statement amounts in accordance with U.S. GAAP were identified. Specifically, the following was noted:
 - Initially the financial statements did not initially record capital contributions and the related government grants receivable accurately.
 - Accounts payable and accrued expenses, contractual services, and interfund services used were not accurately recorded as of June 30, 2014.
 - The current year insurance recoveries received were not properly applied to the insurance recovery receivable.
 - The Airport did not appropriately record the amount due to the City of St. Louis.
 - The Airport did not obtain and record a net pension obligation related to the Firefighters' Retirement Plan of the City of St. Louis.

In order to mitigate the risk of not recording and presenting information in accordance with U.S. GAAP, we recommend the Airport enhance its process and procedures related to the assessment and evaluation of the adequacy of recorded amounts and the presentation and disclosure of the financial activity in conformity with U.S. GAAP. Specially, the Airport needs to enhance internal controls over the adjustment of accruals. Further, management needs to have a solid understanding and perform an in-depth review of the on-top entries posted to the financial statements.

Additionally, draft financial statements need to be prepared more timely in relation to year-end by Airport management. We also recommend that a formal review of the draft financial statements occur by someone other than the preparer. The review should be performed by someone with sufficient knowledge of all Airport activities, who also has adequate knowledge of GASB Statements, and who can ensure that all activities of the Airport have been accounted for completely and accurately.

View of Responsible Official:

The Airport's Chief Financial Officer and the new Airport Assistant Director-Finance & Accounting have reviewed, discussed, and begun to formulate procedures and processes so these do not occur again. The entire Airport Finance & Accounting Department will be a part of the implementation.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

(3) Findings and Questioned Costs relating to Federal Awards:

FINDING 2014-005

Federal Program Title – Community Development Block Grants/Entitlement Grants (CDBG) Cluster

CFDA No. – 14.218

Federal Agency – U.S. Department of Housing and Urban Development – Direct Program

Federal Award Numbers – B-13-MC-29-0006

Grant Award Periods – January 1, 2013 – December 31, 2013

Compliance Requirement – Reporting

Criteria – As set forth in OMB Approval No. 2529-0043, grantees for the CDBG Cluster are required to complete the HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low- Income Persons*, for each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction.

Condition Found – The City did not have an effective system of internal control in place to ensure compliance with the reporting compliance requirement. While performing test work over the HUD 60002, *Section 3 Summary Report*, it was identified that the amounts reported related to CDBG funds were not accurately reported during the year. Specifically, the following errors were noted:

Key Line Item	Amount as Reported	Amount per Supporting Documentation	Difference Identified
Construction Contracts Awarded	\$ 360,369	\$ 399,029	\$ (38,660)
Contracts Awarded to Section 3 Businesses	52,428	44,818	7,610

Questioned Cost – There are no questioned costs.

Context – The condition found impacts the accuracy of the information included within one HUD 60002, *Section 3 Summary Report*, for the program year ended December 31, 2013. The City was required to submit 3 HUD 60002, *Section 3 Summary Reports* during fiscal year 2014.

Cause and Effect – The City did not have an effective system of internal control in place to validate the accuracy of the information reported within the HUD 60002, *Section 3 Summary Report*.

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the reporting compliance requirement. We recommend the City strengthen processes and controls to ensure the accuracy of the information reported within the 60002, *Section 3 Summary Report*.

View of Responsible Official and Corrective Action Plan – The City agrees with the condition found. In 2013, the Section 3 monitoring responsibility was assigned to another City Department. The City of St. Louis Community Development Administration (CDA) reassumed the responsibility at the end of the program year to ensure the completion and submittal of HUD form 60002 by its due date. The errors noted in the finding were the result of the short period of time in which CDA had to complete the report. CDA believes its internal controls for validating the

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

accuracy of the information reported within HUD form 60002, which includes a review of the supporting documentation and mathematical calculations by CDA management, is effective, but was compromised due to the very short time available to gather the required information and prepare the report.

Contact Name: John Zakibe, Deputy Comptroller

Contact Telephone Number: (314) 622-4912

FINDING 2014-006

Federal Program Titles – Supportive Housing Program and Continuum of Care

CFDA No. – 14.235 and 14.267

Federal Agency – U.S. Department of Housing and Urban Development – Direct Programs

Federal Award Numbers – As listed in the Schedule of Expenditures of Federal Awards for the Supportive Housing Program and Continuum of Care

Grant Award Periods – Various

Compliance Requirement – Other

Criteria – Section .310 of OMB Circular A-133 requires the City to prepare a Schedule of Expenditures of Federal Awards (SEFA) that includes all accrual-basis federal awards expended for the fiscal year. Additionally, OMB Circular A-133 requires non-federal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should ensure that accurate and complete accrual-basis federal expenditures for the fiscal year are reported on the SEFA by the appropriate CFDA No.

Conditions Found – The City did not have an effective system of internal control in place to ensure the accuracy of the federal expenditures by the accurate CFDA No. reported in the SEFA. Specifically, it was identified that \$6,060,406 was classified on the SEFA originally prepared by the City, as CFDA No. 14.235, Supportive Housing Program. However, \$4,311,786 should have been classified as CFDA No. 14.267, Continuum of Care, instead of CFDA No. 14.235, Supportive Housing Program.

Questioned Cost – There were no questioned costs.

Context – The error identified was a result of documents received by the City from the U.S. Department of Housing and Urban Development that were not explicit as to which CFDA No. had funded awards. The error was caught by reviewing the grant agreements and comparing the program title to CFDA.gov. It is imperative the City know the correct CFDA No. so that the applicable laws and regulations can be adhered to.

Cause and Effect – The City did not have an effective system of internal control in place to ensure the accuracy of amounts reported in the SEFA. As a result, based on the SEFA that was provided, only the Supportive Housing Program was originally selected as a major program. Once the error was identified, the SEFA was corrected and both the Supportive Housing Program and Continuum of Care were selected as major programs.

Recommendations – The City needs to establish an effective system of internal control to ensure that the information reported within the SEFA is complete and accurate. If award documents are received that are unclear, written documentation should be obtained from the granting agency to clarify the appropriate CFDA No.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

View of Responsible Official and Corrective Action Plan – The Department of Human Services agrees with finding #2014-006.

The corrective action taken by the fiscal section to prevent and detect errors and to ensure the completeness and accuracy of the CFDA number reported in the SEFA is to, when preparing the Chart of Accounts each year, obtain written confirmation of the accuracy and completeness of the CFDA number from the United States Department of Housing and Urban Development and confirm that number online at www.cfda.gov.

This process will commence immediately.

Contact Name: John Zakibe, Deputy Comptroller
Contact Telephone Number: (314) 622-4912

FINDING 2014-007

Federal Program Title – Supportive Housing Program

CFDA No. – 14.235

Federal Agency – U.S. Department of Housing and Urban Development – Direct Program

Federal Award Numbers – As listed in the Schedule of Expenditures of Federal Awards for the Supportive Housing Program

Grant Award Periods – Various

Compliance Requirement – Subrecipient Monitoring

Criteria – As set forth in United States Code (USC) 7502 and OMB Circular A-133, paragraph .400, the City is required to perform subrecipient monitoring. The City is responsible for ensuring the federal award information and compliance requirements are identified and provided to subrecipients and also for monitoring subrecipient activities to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Conditions Found – The City did not have an effective system of internal control in place to ensure compliance with the subrecipient monitoring compliance requirement. The City’s primary mechanism for subrecipient monitoring for the Supportive Housing Program occurs through the performance of fiscal and programmatic monitoring. The City contracted with a third party vendor to perform subrecipient monitoring activities on their behalf. The contract with the third party vendor was not specific as to exactly what the third party vendor was required to specifically perform, what information would be documented and retained, sample size guidance or reporting content requirements. While performing procedures related to subrecipient monitoring, the following conditions were identified:

- The subrecipient monitoring procedures documented by the third party vendor were inadequate. Specifically, there is no evidence that certain key compliance requirements, such as eligibility, matching, special tests and provisions – reasonable rental rates, or special tests and provisions – use of property were appropriately monitored.
- Adequate supervision and review by the City of the third party vendor was not evident.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

- The City did not follow up with the subrecipient to communicate those audit findings identified by the third party vendor, and as a result, the City did not follow up on audit findings to ensure that the subrecipient took timely and appropriate corrective action.

Questioned Cost – Questioned costs are not determinable.

Context – Total expenditures for the year ended June 30, 2014 relative to all subrecipients were \$1,660,580, which represents 95% of total Supportive Housing Program expenditures. The conditions found impact 100% of subrecipients for the Supporting Housing Program.

Cause and Effect – The City did not have an effective system of internal control place, as prescribed above, to ensure that subrecipients were appropriately and adequately monitored. As a result, the subrecipients for the Supportive Housing Program were not appropriately and adequately monitored which led to the issuance of an adverse opinion for the Supportive Housing Program.

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the subrecipient monitoring compliance requirement. We recommend the City enhance its process to ensure that all subrecipients are appropriately and adequately monitored and that documentation of specific monitoring procedures including the specific transactions tested be documented and maintained.

View of Responsible Official and Corrective Action Plan – The Department of Human Services agrees with finding # 2014-007, that subrecipient monitoring was not handled properly for the year ending June 30, 2014.

A corrective action plan was begun effective January 1, 2015. This plan includes the addition of three auditors to the Department of Human Services staff to oversee and perform accurate and complete subrecipient monitoring, including but not limited to proper identification of subrecipients of the Federal award, monitoring compliance requirements, including eligibility and matching. All subrecipients will be subject to and will receive monitoring, programmatic and fiscal. The plan also includes auditor follow up with subrecipients to communicate audit findings and to ensure timely and appropriate corrective action.

The auditors have already begun working and will be fully integrated into the department on July 1, 2015.

Contact Name: John Zakibe, Deputy Comptroller
Contact Telephone Number: (314) 622-4912

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

FINDING 2014-008

Federal Program Title – Continuum of Care

CFDA No. – 14.267

Federal Agency – U.S. Department of Housing and Urban Development – Direct Program

Federal Award Numbers – As listed in the Schedule of Expenditures of Federal Awards for Continuum of Care

Grant Award Periods – Various

Compliance Requirement – Reporting

Criteria – In accordance with the Federal Funding Accountability and Transparency Act (Transparency Act), a grant recipient must report each first-tier subcontract with a value of \$25,000 or more in Federal funds and any modification made to that amount in which the subaward obligation was made.

Conditions Found – While performing procedures related to Transparency Act reporting, it was identified that the City does not have an effective system of internal control in place to ensure the accuracy and timeliness of Transparency Act reporting. Specifically, the City does not have an adequate review process by someone other than the preparer in place related to the report accuracy and timeliness.

Questioned Cost – There were no questioned costs.

Context – The City was required to submit 17 Transparency Act reports related to the Continuum of Care program. The condition found impacts 100% of Transparency Act reports required to be submitted during fiscal year 2014.

Cause and Effect – The City did not have an effective system of internal control in place, as prescribed above, to ensure that Transparency Act reports are submitted timely and accurately. The lack of an adequate review process could lead to inaccurate or incomplete Transparency Act reportings being submitted.

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the reporting compliance requirement. We recommend the City enhance and document its process to ensure that all Transparency Act reports are submitted timely and accurately.

View of Responsible Official and Corrective Action Plan – The Department of Human Services agrees with finding # 2014-008.

Our fiscal section already has designed the format of the log to be prepared by the accountant each month after posting (or attempting to post) the FFATA report online. To ensure and confirm accuracy and completeness, the accountant will place his or her initials next to each report date (or the date attempted), and ensure it is reviewed and signed by the Accounting Coordinator (or the Fiscal Manager in his absence) and filed appropriately.

This process will commence on April 1, 2015.

Contact Name: John Zakibe, Deputy Comptroller

Contact Telephone Number: (314) 622-4912

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

FINDING 2014-009

Federal Program Title – Continuum of Care

CFDA No. – 14.267

Federal Agency – U.S. Department of Housing and Urban Development – Direct Program

Federal Award Numbers – As listed in the Schedule of Expenditures of Federal Awards for Continuum of Care

Grant Award Periods – Various

Compliance Requirement – Subrecipient Monitoring

Criteria – As set forth in United States Code (USC) 7502 and OMB Circular A-133, paragraph .400, the City is required to perform subrecipient monitoring. The City is responsible for ensuring the federal award information and compliance requirements are identified and provided to subrecipients and also for monitoring subrecipient activities to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Conditions Found – The City did not have an effective system of internal control in place to ensure compliance with the subrecipient monitoring compliance requirement. The City's primary mechanism for subrecipient monitoring for the Continuum of Care program occurs through the performance of fiscal and programmatic monitoring. The City contracted with a third party vendor to perform subrecipient monitoring activities on their behalf. The contract with the third party vendor was not specific as to exactly what the third party vendor was required to specifically perform, what information would be documented and retained, sample size guidance, or reporting content requirements. While performing procedures related to subrecipient monitoring, the following conditions were identified:

- At the time of the subaward, the City did not properly identify to the subrecipient the Federal award information such as the CFDA title and number.
- The subrecipient monitoring procedures documented by the third party vendor were inadequate. Specifically, there is no evidence that certain key compliance requirements, such as eligibility and matching were appropriately monitored.
- Adequate supervision and review by the City of the third party vendor was not evident.
- The City did not follow up with the subrecipient to communicate those audit findings identified by the third party vendor, and as a result, the City did not follow up on audit findings to ensure that the subrecipient took timely and appropriate corrective action.

Questioned Cost – Questioned costs are not determinable.

Context – Total expenditures for the year ended June 30, 2014 relative to all subrecipients were \$4,281,008, which represents 98% of total program expenditures. The conditions found impact 100% of subrecipients for the Continuum of Care program.

Cause and Effect – The City did not have an effective system of internal control place, as prescribed above, to ensure that subrecipients were appropriately and adequately monitored. As a result, the subrecipients for the Supportive Housing Program were not appropriately and adequately monitored which led to the issuance of an adverse opinion for the Continuum of Care program.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the subrecipient monitoring compliance requirement. We recommend the City enhance its process to ensure that all subrecipients are appropriately and adequately monitored and that documentation of specific monitoring procedures including the specific transactions tested be documented and maintained.

View of Responsible Official and Corrective Action Plan – The Department of Human Services agrees with finding # 2014-009, that subrecipient monitoring was not handled properly for the year ending June 30, 2014.

A corrective action plan was begun effective January 1, 2015. This plan includes the addition of three auditors to the Department of Human Services staff to oversee and perform accurate and complete subrecipient monitoring, including but not limited to proper identification of subrecipients of the Federal award, monitoring compliance requirements, including eligibility and matching. All subrecipients will be subject to and will receive such monitoring, programmatic and fiscal. The plan also includes auditor follow up with sub recipients to communicate audit findings and to ensure timely and appropriate corrective action.

The auditors have already begun working and will be fully integrated into the department on July 1, 2015.

Contact Name: John Zakibe, Deputy Comptroller
Contact Telephone Number: (314) 622-4912

FINDING 2014-010

Federal Program Title – Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants

CFDA No. – 93.914

Federal Agency – Department of Health and Human Services – Direct Program

Federal Award Numbers – H89HA00033-20-05 and H89HA00033-21-02

Grant Award Periods – March 1, 2013 through February 28, 2014, and March 1, 2014 through February 28, 2015, respectively

Compliance Requirement – Allowable Costs/Cost Principles

Criteria – OMB Circular A-87 outlines basic guidelines related to the allowability of costs, including that such costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards and be adequately documented.

Conditions Found – The City did not have an effective system of internal control in place during all of fiscal year 2014 to ensure compliance with the allowable costs/cost principles compliance requirements. While performing testwork on salary and benefit expenditures, it was identified that for 8% of payroll expenditures selected for testwork, the City did not accurately record the allocation of salary expenditures onto the general ledger, which resulted in an over charge of salary and benefits expense to the Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants Program of \$1,222.

Questioned Costs – Known questioned costs are \$1,222 which represents the salary and benefits expenditures charged to the HIV Emergency Relief Project Grants Program. Most likely questioned costs cannot be determined. However, the City’s records indicate that an additional \$1,307 was over charged to the HIV Emergency Relief Project Grants Program, which is based on a review of the specific employee’s salary charges.

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

Context – The condition found impacts 8% of payroll expenditures selected for testwork. Total cash-basis salaries and benefits charged to the HIV Emergency Relief Project Grants Program for the year ended June 30, 2014 were \$393,013.

Cause and Effect – The City did not have an effective system of internal control to ensure that salary and benefit expenditures were accurately recorded in the general ledger.

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the allowable costs/cost principles related to the HIV Emergency Relief Project Grants Program.

View of Responsible Official and Corrective Action Plan – The City concurs with the condition found. Additional training has been provided and additional management reviews will be implemented to ensure that all A-87 certifications and time documentation forms are completed and submitted in a timely manner and maintained; and applicable payroll adjusting entries are completed and submitted in a timely manner. In addition, the \$1,307 expenditure related to award H89HA00033-21-02 and will be corrected before the final grant report is submitted to assure correct expenditures are reported.

Contact Name: John Zakibe, Deputy Comptroller
Contact Telephone Number: (314) 622-4912

FINDING 2014-011

Federal Program Title – Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants

CFDA No. – 93.914

Federal Agency – Department of Health and Human Services – Direct Program

Federal Award Numbers – H89HA00033-20-05 and H89HA00033-21-02

Grant Award Periods – March 1, 2013 through February 28, 2014, and March 1, 2014 through February 28, 2015, respectively

Compliance Requirement – Cash Management

Criteria – The City’s HIV Emergency Relief Project Grants Program is funded on a reimbursement basis. As set forth in 45 CFR section 92.21 and Treasury regulations 31 CFR part 205, the City is required to pay program costs for the HIV Emergency Relief Project Grants Program before requesting reimbursement from the federal government.

Conditions Found – The City did not have an effective system of internal control in place to ensure compliance with the cash management compliance requirement. The City did not properly reconcile all allowable federal expenditures per the general ledger for the HIV Emergency Relief Project Grants Program to reimbursement requests to ensure that amounts in excess of expenditures were not drawn down. Specifically, the following was identified:

CITY OF ST. LOUIS, MISSOURI

Schedule of Findings and Questioned Costs, continued

Year ended June 30, 2014

Cash Draw Period	Cash Draw Date	Expenditures	Amount Drawn Down	Amount Over Drawn
10/1/2013 - 10/31/2013	10/29/2013	\$ 33,419	\$ 34,532	\$ 1,113
6/1/2014 - 6/30/2014	7/7/2014	349,694	350,622	928

Questioned Costs – There are no questioned costs.

Context – The condition found impacts 7% of drawdowns selected for testwork. The City drew down for more expenditures than what was evidenced by the general ledger in the amounts of \$1,113 and \$928, for the months of October 2013 and June 2014, respectively.

Cause and Effect – The City did not have an effective system of internal control in place to ensure that amounts in excess of expenditures were drawn down due to an error in the reconciliation spreadsheet. As a result, the City drew down amounts in excess of expenditures.

Recommendations – The City needs to establish an effective system of internal control to ensure compliance with the cash management compliance requirements. The City utilizes a specific general ledger fund and cost center to record all activities relative to the HIV Emergency Relief Project Grants Program. A reconciliation of expenditures incurred and paid as recorded in the general ledger fund and cost center to the requests for reimbursement should be reviewed on a consistent basis and prior to any drawdowns of federal funds to ensure compliance with the cash management compliance requirement.

View of Responsible Official and Corrective Action Plan – The City concurs with the condition found. The over draw was due to an error in calculation of expenses. The City will ensure a closer review of expenses to be reimbursed by comparing the offsetting cash with the grant. There will be additional targeted review of vouchers with split funded expenses to assure accuracy of reporting expenditures.

Contact Name: John Zakibe, Deputy Comptroller

Contact Telephone Number: (314) 622-4912



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

212 City Hall
(314) 622-3588
FAX 622-4026

**OMB Circular A-133 Single Audits
For The Year Ended
June 30, 2014**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

- FINDING 2002-04
- FINDING 2003-06
- FINDING 2004-03
- FINDING 2005-02
- FINDING 2006-07
- FINDING 2007-25
- FINDING 2008-21
- FINDING 2009-14
- FINDING 2010-14
- FINDING 2011-10
- FINDING 2012-05
- FINDING 2013-005

Federal Program: Supportive Housing Program
CFDA No.: 14.235
Federal Grantor: U.S. Department of Housing and Urban Development – Direct Program
Compliance Requirement: Reporting
Contact Person: Justin Jackson, Program Manager II, Department of Human Services
Contact Number: (314) 657-1701

Status: **Corrected**

FINDING 2013-006

Federal Program: Supportive Housing Program
CFDA No.: 14.235
Federal Grantor: U.S. Department of Housing and Urban Development – Direct Program
Compliance Requirement: Subrecipient Monitoring
Contact Person: Justin Jackson, Program Manager II, Department of Human Services
Contact Number: (314) 657-1701

Status: **Not Corrected** – A corrective action plan was begun effective January 1, 2015. This plan includes the addition of three auditors to the Department of Human Services staff to oversee and perform accurate and complete subrecipient monitoring, including but not limited to proper identification of subrecipients of the Federal award, monitoring

**OMB Circular A-133 Single Audit
For The Year Ended
June 30, 2014**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

compliance requirements, including eligibility and matching. All subrecipients will be subject to and will receive monitoring, programmatic and fiscal. The plan also includes auditor follow up with subrecipients to communicate audit findings and to ensure timely and appropriate corrective action.

FINDING 2013-007

Federal Program: HOME Investment Partnership Program
CFDA No.: 14.239
Federal Grantor: U.S. Department of Housing and Urban Development – Direct Program
Compliance Requirement: Allowable Costs/Cost Principles
Contact Person: Alfred Wessels
Contact Telephone: (314) 657-3700

Status: **Corrected**

FINDING 2009-15
FINDING 2010-15
FINDING 2011-17
FINDING 2012-08
FINDING 2013-008

Federal Program: Shared Federally Forfeited Property Program
CFDA No.: 16.000
Federal Grantor: U.S. Department of Justice – Direct Program
Compliance Requirement: Procurement, Suspension, and Debarment
Contact Person: David Daniels, Director of Budget and Finance, SLMPD
Contact Telephone: (314) 444-5518

Status: **Corrected**

FINDING 2012-11
FINDING 2013-009

Federal Program: Human Immunodeficiency Virus (HIV) Emergency Relief Project Grants
CFDA No.: 93.914
Federal Grantor: Department of Health and Human Services – Direct Program
Compliance Requirement: Allowable Costs/Cost Principles
Contact Person: Joan McCray, Fiscal Manager, Department of Health (DOH)
Contact Telephone: (314) 657-1415

Status: **Partially Corrected** - Additional training has been provided and additional management reviews will be implemented to ensure that all A-

**OMB Circular A-133 Single Audit
For The Year Ended
June 30, 2014**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

87 certifications and time documentation forms are completed and submitted in a timely manner and maintained; and applicable payroll adjusting entries are completed and submitted in a timely manner.

FINDING 2011-15

Federal Program: Homelessness Prevention and Rapid Re-Housing Program (HPRP)
CFDA No.: 14.257
Federal Grantor: U.S. Department of Housing and Urban Development – Direct Program
Compliance Requirement: Reporting
Contact Person: Justin Jackson, Program Manager II, Department of Human Services
Contact Number: (314) 657-1701

Status: **This finding does not warrant further action as two years have passed since the audit report in which the finding was noted and the program has ended.**

FINDING 2011-16

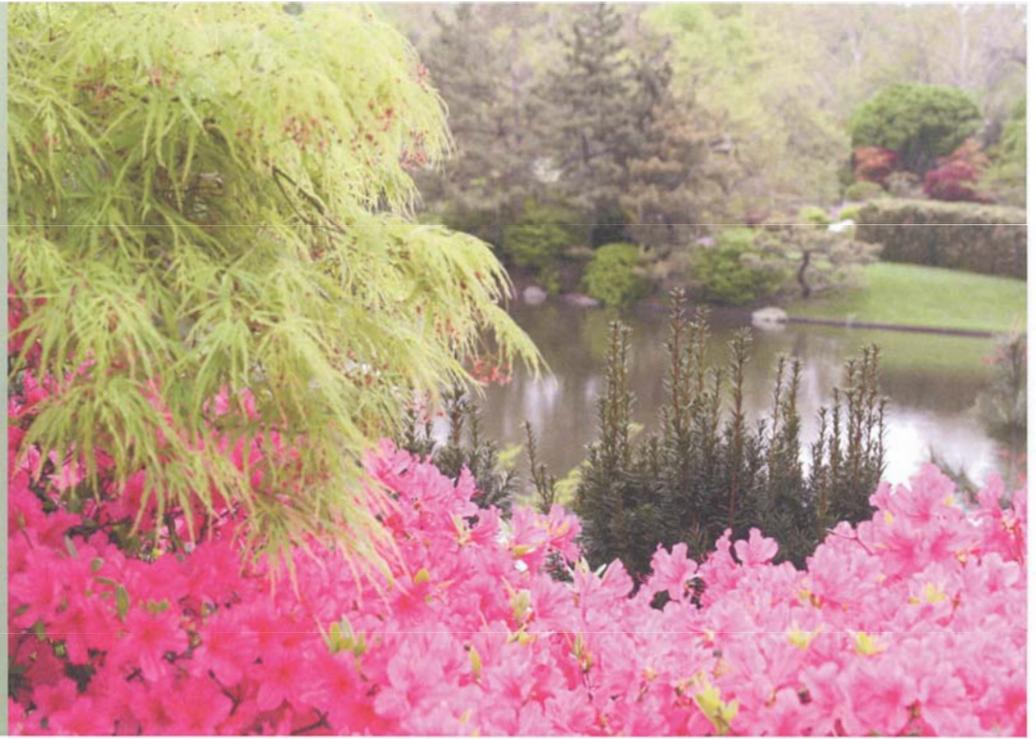
Federal Program: Homelessness Prevention and Rapid Re-Housing Program (HPRP)
CFDA No.: 14.257
Federal Grantor: U.S. Department of Housing and Urban Development – Direct Program
Compliance Requirement: Subrecipient Monitoring
Contact Person: Justin Jackson, Program Manager II, Department of Human Services
Contact Number: (314) 657-1701

Status: **This finding does not warrant further action as two years have passed since the audit report in which the finding was noted and the program has ended.**

FINDING 2013-010

Federal Programs: Airport Checked Baggage Screen System and TSA Airport Checked Baggage Inspection System Program (ARRA)
CFDA Nos.: 97.100 and 97.117
Federal Grantor: U.S. Department of Homeland Security – Direct Program
Compliance Requirement: Reporting
Contact Person: Antonio Strong, Assistant Director – Finance and Accounting, Lambert St. Louis International Airport
Contact Number: (314) 426-8026

Status: **Corrected**

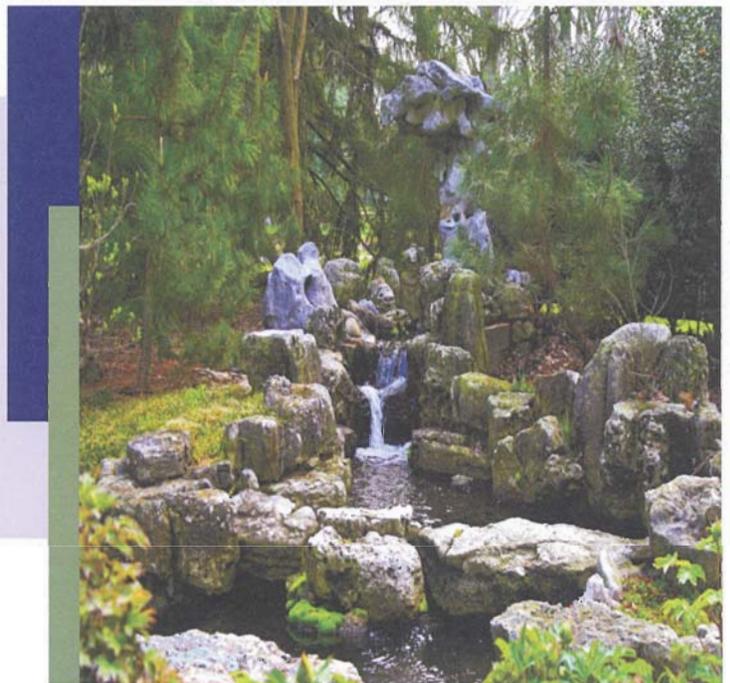


2014

Comprehensive Annual Financial Report City of St. Louis, Missouri



Year Ended June 30



MISSOURI BOTANICAL GARDEN, St. Louis, MO

CITY OF ST. LOUIS, MISSOURI
COMPTROLLER



COMPLIMENTS OF THE COMPTROLLER
DARLENE GREEN

The City of Saint Louis, Missouri



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014

Prepared by
Office of the Comptroller

Darlene Green
Comptroller

INTRODUCTORY SECTION (Unaudited)	<u>Page(s)</u>
Letter of Transmittal	I-V
Certificate of Achievement for Excellence in Financial Reporting	VI
Elected Officials	VII
Organization Charts	VIII-IX
 FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	4-20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Fund Net Position – Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Statement of Fiduciary Net Position – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	31
Notes to Basic Financial Statements	32-132
	<u>Schedule</u> <u>Page(s)</u>
Budgetary Comparison Information – Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	1 133-136
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	2 137-138
Retirement Systems and Other Postemployment Benefit Plan – Required Supplementary Information (Unaudited)	3 139-141

CITY OF ST. LOUIS, MISSOURI
 Comprehensive Annual Financial Report
 Table of Contents

June 30, 2014

	<u>Schedule</u>	<u>Page(s)</u>
Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds	4	144-145
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	5	146-147
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Special Revenue Funds – Nonmajor:		
Use Tax Fund	6	148
Transportation Fund	7	149
Convention and Tourism Fund	8	150
Licensed Gaming Program Fund	9	151
Assessor’s Office Fund	10	152
Lateral Sewer Program Fund	11	153
Development Projects Financing Fund	12	154
State Subsidized Redevelopment Projects Fund	13	155
Public Safety Trust Fund	14	156
Public Safety Sales Tax Fund	15	157
Parks and Recreation Fund	16	158
Other Budgeted Special Revenue Fund	17	159
Debt Service Fund – Nonmajor	18	160
Capital Projects Fund – Major	19	161
Schedule of Reconciling Items Between Change in Fund Balances – Budget Basis and Change in Fund Balances – GAAP Basis –	20	162
Combining Statement of Net Position – Internal Service Funds	21	164
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	22	165
Combining Statement of Cash Flows – Internal Service Funds	23	166
Combining Statement of Fiduciary Net Position – Pension Trust Funds	24	168
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	25	169
Combining Statement of Fiduciary Net Position – Agency Funds	26	171
Combining Statement of Changes in Assets and Liabilities – Agency Funds	27	172-173
Discretely Presented Component Unit – Solid Waste Management and Development Corporation:		
Statement of Revenues, Expenses, and Changes in Net Position	28	175
Statement of Cash Flows	29	176

STATISTICAL SECTION (Unaudited)	<u>Table</u>	<u>Page(s)</u>
Government-wide Information:		
Net Position by Component	1	178
Changes in Net Position	2	179-182
Fund Information:		
Fund Balances, Governmental Funds	3	183
Changes in Fund Balances, Governmental Funds	4	184-185
Assessed Value and Actual Value of Taxable Property	5	186
Property Tax Rates Per \$100 Assessed Value – Direct and Overlapping Governments	6	187
Principal Property Taxpayers Identified by Industry Classification	7	188
General and Debt Service Funds – Property Tax Levies and Collections	8	189
Earnings and Payroll Tax	9	190
Principal Earnings and Payroll Taxpayers	10	191
Ratio of Outstanding Debt by Type	11	192
Ratio of Net General Obligation Debt Outstanding	12	193
Direct and Overlapping Governmental Activities Debt	13	194
Legal Debt Margin Calculation	14	195
Pledged Revenue Coverage	15	196-204
Demographic and Economic Statistics	16	205
Principal Employers	17	206
Full-time Equivalent City Government Employees by Function/Program	18	207
Operating Indicators by Function/Program	19	208-209
Capital Asset Statistics by Function/Program	20	210



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

212 City Hall
(314) 622-4389
FAX: (314) 622-4026

December 23, 2014

The Honorable Francis G. Slay, Mayor
The Honorable Members of the Board of Aldermen
and the Citizens of the City of St. Louis, Missouri:

The Comprehensive Annual Financial Report of the City of St. Louis, Missouri (City) for the fiscal year ended June 30, 2014 is hereby submitted.

This report has been prepared pursuant to, and to demonstrate compliance with, Article VIII, Section 10, of the City Charter. The Comprehensive Annual Financial Report (CAFR) is in conformance with the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's basic financial statements have been audited by KPMG LLP, an independent certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to compliment MD & A and should be read in conjunction with it. The City's MD & A can be found immediately following the report of the independent auditors.



ACCOUNTING SYSTEM, INTERNAL CONTROLS, AND BUDGETARY CONTROL

The City utilizes a fully computerized Accounting Information Management System (AIMS). This system is based on a single input of information. The AIMS system provides: 1) integrated, general and subsidiary accounting of all funds; 2) appropriation/encumbrances accounting and control; and 3) the ability to generate cost/expenditure data in a multitude of formats useful for budgetary control and other managerial purposes.

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.
- The concept of reasonable assurance recognizes that:
 - The cost of a control should not exceed the benefits likely to be derived, and
 - The evaluation of assets and benefits requires estimates and judgements by management.

All internal control evaluations occur within this framework. Therefore, the Comptroller's Office believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Through annual appropriations, the City maintains budgetary control at the fund level. Cost classifications are categorized in the following groups: personnel services, materials and supplies, rental and non-capital leases, non-capital equipment, capital assets, contractual and other services, and debt service and special extraordinary items.

Encumbrances are recorded by the Control Section (or in some cases by the requesting department) through an on-line budgetary control module before requisitions are sent to the Purchasing Division. If sufficient appropriations are not available to cover a purchase, the requisition is returned to the originating department for transfer of appropriations between departments with prior approval of the Board of Estimate and Apportionment (E&A). A formal monthly expense monitoring procedure has been established to help eliminate rejected requisitions and related cancellations, and to minimize line item transfers. Encumbrances are detailed for current year budgetary presentations. While appropriation balances lapse at the end of the fiscal year, appropriation balances for encumbrances remain.

Within the Strategic Financial Plan for the city, major controls that help guide city officers in their deliberation over the financial wisdom of potential actions. One of those controls recommends the city to informally reserve a minimum of 5% of the next year's general fund expenditures for appropriation only under severe circumstances. The reserve effectively reduces the funds available for appropriation.

BUDGET PROCESS

The City's fiscal year is July 1 through June 30. The budget process begins in the preceding December with a revenue forecast for the upcoming fiscal year. By February, department budget requests are submitted to the Budget Division, and the review process begins immediately.

The Budget Division works closely with E&A in developing, within forecasted revenue constraints, the proposed budget. By law, E&A must recommend a balanced budget to the Board of Aldermen (the Board), the City's legislative body, sixty days prior to the start of a new fiscal year. The Board may decrease but not increase any recommended appropriation amount. The Board, however, may recommend changes in the proposed budget. Any changes must be mutually agreed upon between the Board and E&A. If a budget cannot be agreed upon prior to July 1, the final budget presented by E&A becomes the official budget.

As part of the long-term financial planning, the Budget Division prepares a 5-year projection of revenues and expenditures. The projection is based on known challenges facing the city as well as straight-line growth based on recent history. No formal action is taken on the projections.

ECONOMIC OUTLOOK

The 61.4 – square mile City is the center of the St. Louis Consolidated Standard Metropolitan Statistical Area. The Metropolitan area is the 19th largest metropolitan area in the United States in terms of population. The city represents 7.9% of Missouri's job base. Job growth in the City has been concentrated in the bio-science, healthcare and service sectors and the City anticipates strong, long-term employment growth in the areas of medical, business and recreational services, as well as in education, and the tourism and convention business.

MAJOR INITIATIVES

More than \$5 billion has been invested in the last decade, bringing people, jobs, commerce, residential living, and urban vitality needed to strengthen the core of the St. Louis region. Some major redevelopments come from the approval of the Cortex TIF which is located in the western portion of the City. This TIF proposes a total investment of approximately \$2.1 billion over twelve years. Five projects have been approved including a 220,000 square

foot office building for BJC healthcare and a 380,000 square foot IKEA retail home store. There are also numerous commercial and residential projects underway in the South and southeast neighborhoods of the City. Continued focus on improving commercial districts throughout the City is making city living and neighborhoods more desirable.

Continued focus on the manufacturing sector and, in essence, a public/private partnership with these operations to attract investment and growth, along with cultivating those areas where the region has strength, such as life science and information technology and financial services, is progressing.

LONG TERM FINANCIAL PLANNING

The City continues to address the challenges of the current economic climate in the fiscal year 2014 budget. Revenues, for the most part, continue a trend of restrained growth. An environment in which base revenues grow approximately at a rate of two percent presents a challenge when the cost of providing City services and maintaining infrastructure continues to outpace the growth. The City has made efforts in recent years to reduce operating expenditures and staffing when possible without impacting key City services. Initiatives to reform the City's pension systems are ongoing and a major part of the overall effort. The recent passage of the 3/16 sales tax for park improvements will assist in the challenge of maintaining infrastructure in many regional and neighborhood parks.

INTERNAL AUDIT

It is the special responsibility of the Comptroller, as set out in the Charter, to provide City officials and taxpayers with reasonable assurance that public funds and property are adequately safeguarded and that financial transactions are authorized and properly recorded.

The Comptroller's internal audit staff audits various departments within the City testing for the methods employed by the department to safeguard the assets, ensuring the reliability of the accounting data, promoting efficient operations and ensuring compliance with established ordinances and the City Charter. Audits may also be performed on various corporations and not-for-profit organizations to ensure compliance with the various contractual agreements with the City. In addition to audits, the internal audit staff reviews the revenue collection procedures established by those departments and employees who receive or collect City revenue. As a result of these audits and reviews, the internal auditors develop recommendations of procedures that should be implemented to improve internal controls. These audits and reviews are performed on a continual basis.

CERTIFICATE OF ACHIEVEMENT

The City's CAFR for the fiscal year ended June 30, 2013 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. This is the twenty-seventh year the City has received this prestigious award.

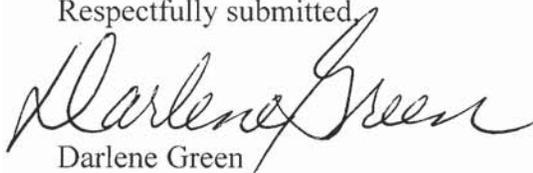
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current CAFR will continue to meet the Certificate of Achievement Program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

I would like to express my appreciation to the staff members of the Comptroller's Office for their many hours in the preparation of this report. I also extend my appreciation to the independent accounting firm of KPMG LLP for their professional service. Contributions to the completion and publication of this financial history were made by staff of other departments to whom I also express my appreciation.

Respectfully submitted,



Darlene Green
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of St. Louis
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

The City of St. Louis, Missouri

Elected Officials

June 30, 2014

Board of Aldermen

(Aldermen listed to numerical order by ward)

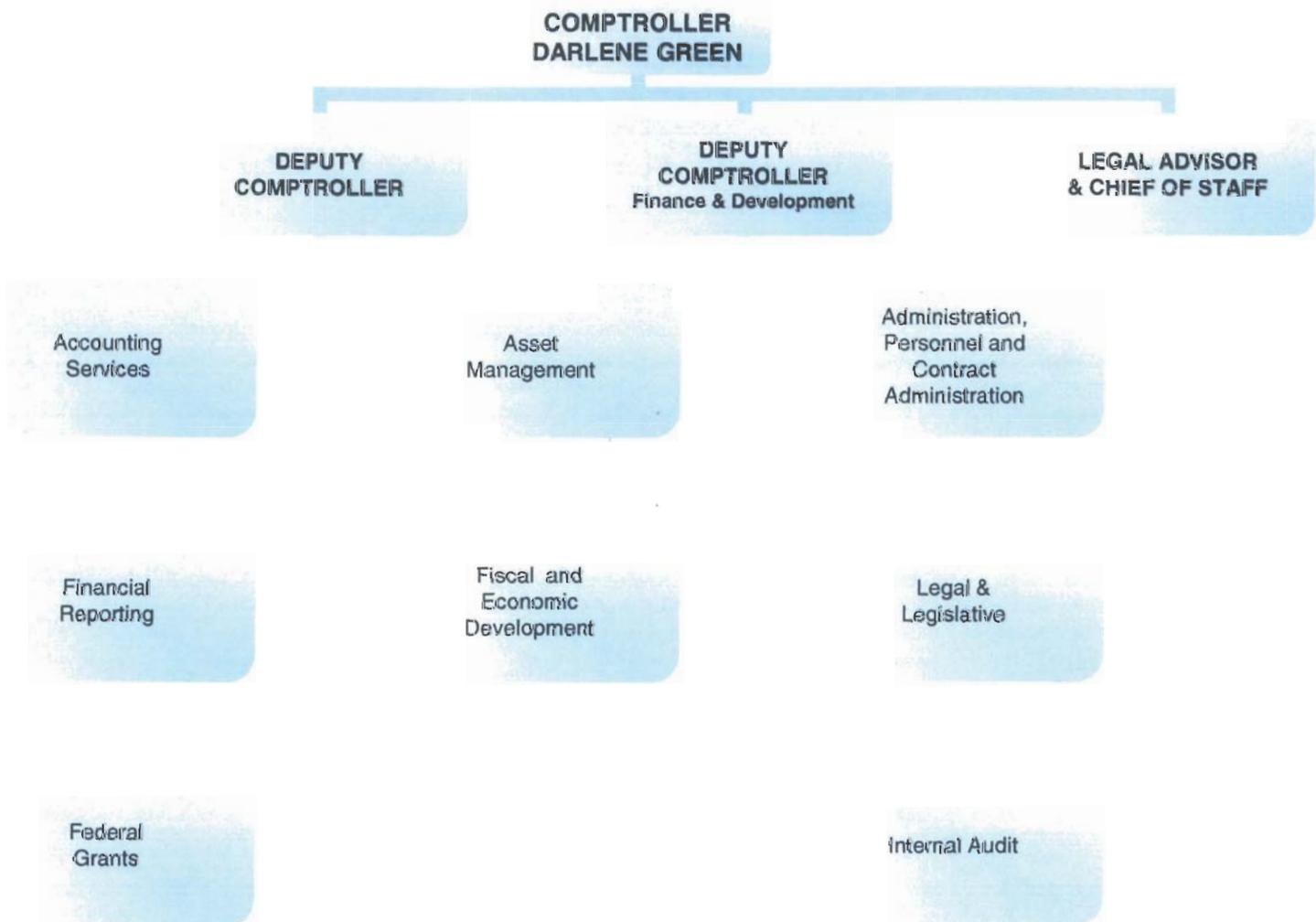
FRANCIS G. SLAY
Mayor

DARLENE GREEN
Comptroller

LEWIS REED
President,
Board of Aldermen

Sharon Tyus
Dionne Flowers
Freeman Bosley, Sr.
Samuel L. Moore
Tammika Hubbard
Christine Ingrassia
Phyllis Young
Stephen Conway
Kenneth Ortmann
Joseph Vollmer
Thoma Albert Villa
Larry Arnowitz
Beth Murphy
Carol Howard
Megan E. Green
Donna Baringer
Joseph D. Roddy
Terry Kennedy
Marlene E. Davis
Craig N. Schmid
Antonio D. French
Jeffrey L. Boyd
Joseph Vaccaro
Scott Ogilvie
Shane Cohn
Frank Williamson
Chris Carter
Lyda Krewson

The City of St. Louis, Missouri Office of the Comptroller







KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen of the
City of St. Louis, Missouri:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of St. Louis, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the pension trust funds and the St. Louis Development Corporation discretely presented component unit. The assets and revenues (additions) of the pension trust funds represent 90% and 55% of the assets and revenues (additions), respectively, of the aggregate remaining fund information. The assets and revenues of the St. Louis Development Corporation represent 90% and 99% of the assets and revenues, respectively, of the aggregate discretely presented component units. The financial statements of the pension trust funds and the St. Louis Development Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts for those funds and discretely presented component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the pension trust funds were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal



control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained, and the reports of the other auditors, is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in note 1, effective July 1, 2013, the City of St. Louis, Missouri implemented Government Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

As discussed in note 2, effective July 1, 2013, the City of St. Louis, Missouri implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 20, the Budgetary Comparison Information on pages 130 through 135, and the Retirement Systems and Other Postemployment Benefit Plan Information on pages 136 through 138 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Louis, Missouri's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information, and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been



subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the City of St. Louis, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Louis, Missouri's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
December 23, 2014

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

As management of City of St. Louis, Missouri (the City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the City for the fiscal year ended June 30, 2014. The information presented here should be read in conjunction with our letter of transmittal and the City's basic financial statements including the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

On September 1, 2013, as documented in Ordinance #69489, the City accepted responsibility, ownership, and liability as successor-in-interest for contractual obligations, indebtedness, and other lawful obligations of the Board of Police Commissioners for the Metropolitan Police Department of the City of St. Louis, Missouri (SLPD). Thus, beginning with fiscal year 2014, the SLPD is no longer a discretely presented component unit of the City and is now part of the Primary government.

FINANCIAL HIGHLIGHTS (excluding discretely presented component units)

- On a government-wide basis, the City's total assets and deferred outflow of resources exceeded its liabilities for the current fiscal year by \$1.1 billion.
- Governmental activities and business-type activities had a net position of (\$150) million and \$1.3 billion, respectively.
- The cost of services for the City's governmental activities was \$770.8 million in fiscal year 2014 (excluding interest and fiscal charges).
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$178.5 million. Of this amount, (\$21.4) million is unassigned fund balance.
- The unassigned fund balance for the general fund was \$2.6 million, or 0.5%, of total general fund expenditures.
- In fiscal year 2014, the City issued \$57.0 million in long-term debt to finance projects and refund debt. There was a net decrease of \$7.3 million in debt during the current fiscal year.
- Net pension obligations/assets changed by \$12.5 million due to the additional net position obligation of the new Fire Fighter's Retirement Plan of \$8.9 million, the difference between the actuarial determined pension contributions to the pension funds and the amounts actually contributed and the effects of the SLPD becoming part of the Primary government.
- Development and tax increment financing (TIF) debt increased liabilities in the amount of \$10.9 million. There is no related asset for TIF debt, so net increases in TIF debt reduce unrestricted net position by an equal amount.

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances using accounting methods similar to those used by private sector business.

The **Statement of Net Position** presents information on all of the City's assets, deferred outflow of resources, liabilities, and net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

The governmental activities of the City include general government, convention and tourism, parks and recreation, judicial, streets, public safety (fire, police, other), health and welfare, public service, and community development, as well as, interest and fiscal charges. The business-type activities of the City include an airport, water division, and parking division.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency and a legally separate corporation that owns and leases the downtown steam loop. Financial information for these component units is reported separately from the financial information presented for the primary government.

Included in the financial statements are the operations of the Public Facilities Protection Corporation (PFPC), St. Louis Municipal Finance Corporation, St. Louis Parking Commission Finance Corporation, and Grand Center Municipal Parking Finance Corporation as blended component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014

1. *Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and grants fund, which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of additional supplementary information as combining statements.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for the operations of the Lambert-St. Louis International Airport (Airport), Water Division, and the Parking Division.
 - *Internal Service Funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its mail handling services, for payment of workers' compensation and various other claims, health insurance, and equipment service.
3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the City. The City is the trustee or fiduciary responsible for assets that can be used only for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund and required supplementary information pertaining to the Firemen's Retirement System of St. Louis, the Firefighter's Retirement Plan of the City of St. Louis, the Police Retirement System of St. Louis and the Employees' Retirement System of the City of St. Louis pension trust funds and other post-employment benefits.

CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position: The City's combined net position for fiscal year 2014 was \$1.1 billion, down \$0.2 million from fiscal year 2013. Looking at the net position of governmental and business-type activities separately provides additional information.

The City of St. Louis, Missouri
Schedule of Net Position Summary
June 30, 2014 and 2013
(dollars in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and other assets	\$ 400.1	377.8	372.6	391.0	772.7	768.8
Capital assets	863.8	850.0	1,855.4	1,875.3	2,719.2	2,725.3
Deferred outflow of resources	<u>4.3</u>	<u>—</u>	<u>23.1</u>	<u>—</u>	<u>27.4</u>	<u>—</u>
Total assets and deferred outflow of resources	<u>1,268.2</u>	<u>1,227.8</u>	<u>2,251.1</u>	<u>2,266.3</u>	<u>3,519.3</u>	<u>3,494.1</u>
Liabilities						
Long-term liabilities	1,267.7	1,054.6	897.4	911.0	2,165.1	1,965.6
Other liabilities	<u>150.4</u>	<u>134.1</u>	<u>62.9</u>	<u>66.8</u>	<u>213.3</u>	<u>200.9</u>
Total liabilities	<u>1,418.1</u>	<u>1,188.7</u>	<u>960.3</u>	<u>977.8</u>	<u>2,378.4</u>	<u>2,166.5</u>
Net position						
Net investment in capital assets	535.0	502.8	1,033.7	1,033.9	1,568.7	1,536.7
Restricted	32.3	30.8	148.2	149.7	180.5	180.5
Unrestricted (deficit)	<u>(717.2)</u>	<u>(494.5)</u>	<u>108.9</u>	<u>104.9</u>	<u>(608.3)</u>	<u>(389.6)</u>
Total net position	<u>\$ (149.9)</u>	<u>39.1</u>	<u>1,290.8</u>	<u>1,288.5</u>	<u>1,140.9</u>	<u>1,327.6</u>

ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflow of resources exceeded liabilities by \$1.1 billion at the close of the most recent fiscal year.

The largest portion of the City's net position consists of its net investment in capital assets (for example, infrastructure, land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

Included in the City's total net position at the end of fiscal year 2014 and fiscal 2013, respectively, is \$178.6 million and \$180.5 million, which represent resources that are subject to external restrictions on how they may be used.

Total unrestricted net position decreased by \$209.2 million for the year ended June 30, 2014. Unrestricted governmental activities net position showed a \$717.2 million deficit at the end of 2014 as compared with a \$494.5 million deficit in 2013. This deficit does not mean that the City does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. For example, the City's policy and practice is to budget for certain long-term expenses as they come due. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from property and casualty claims and amounts to pay for unused employee vacation and sick days. The City will continue to include these amounts in future year's budgets as they come due.

In addition, five particular features of the City's recent financial activity affected the deficit in unrestricted governmental net position. These activities over the past several years reflect debt to provide development stimulus for which the City received no offsetting asset. They include the following:

- Section 108 loan agreements, \$35.6 million
- Joint venture financing agreement for the expansion of the convention center, \$37.8 million
- Obligations with component unit for the convention center hotel, \$35.3 million
- Obligations with component units for downtown development, \$16.3 million
- Redevelopment and Tax increment financing debt for economic development projects in the amount of \$300.3 million

Although the net position of the business-type activities account for the majority of overall net position, these resources cannot be used to make up for the unrestricted net position deficit in governmental activities. The City generally can only use the net position to finance the continuing operations of the Airport, Water Division, and the Parking Division.

CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2014

The City of St. Louis, Missouri
Changes in Net Position
For the Fiscal Years ended June 30, 2014 and 2013
(dollars in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 137.5	131.6	238.4	236.2	375.9	367.8
Operating grants and contributions	57.2	64.8	0.7	0.8	57.9	65.6
Capital grants and contributions	5.6	14.8	16.7	21.6	22.3	36.4
General revenues:						
Taxes	559.2	525.9	—	—	559.2	525.9
Investment income	0.4	0.3	1.8	2.3	2.2	2.6
Total revenues	<u>759.9</u>	<u>737.4</u>	<u>257.6</u>	<u>260.9</u>	<u>1,017.5</u>	<u>998.3</u>
Expenses:						
General government	94.8	73.2	—	—	94.8	73.2
Convention and tourism	5.7	5.5	—	—	5.7	5.5
Parks and recreation	31.8	30.8	—	—	31.8	30.8
Judicial	52.0	52.2	—	—	52.0	52.2
Streets	69.6	68.4	—	—	69.6	68.4
Public safety:						
Fire	86.1	75.5	—	—	86.1	75.5
Police	209.8	166.5	—	—	209.8	166.5
Other	59.3	61.3	—	—	59.3	61.3
Health and welfare	49.6	61.2	—	—	49.6	61.2
Public service	76.9	62.3	—	—	76.9	62.3
Community development	35.2	77.5	—	—	35.2	77.5
Interest and fiscal charges	58.0	57.7	—	—	58.0	57.7
Airport	—	—	175.1	174.0	175.1	174.0
Water Division	—	—	50.2	45.8	50.2	45.8
Parking Division	—	—	14.0	13.6	14.0	13.6
Total expenses	<u>828.8</u>	<u>792.1</u>	<u>239.3</u>	<u>233.4</u>	<u>1,068.1</u>	<u>1,025.5</u>
Excess (deficiency) before						
extraordinary items and transfers	(68.9)	(54.7)	18.3	27.5	(50.6)	(27.2)
Extraordinary items	—	—	7.6	4.3	7.6	4.3
Transfers	9.4	9.4	(9.4)	(9.5)	—	(0.1)
Change in net position	<u>(59.5)</u>	<u>(45.3)</u>	<u>16.5</u>	<u>22.3</u>	<u>(43.0)</u>	<u>(23.0)</u>
Net position-beginning of year	39.1	84.4	1,288.4	1,266.1	1,327.5	1,350.5
Cumulative effect of change						
in accounting principles	(129.5)	—	(14.2)	—	(143.7)	—
Net position-beginning of year,						
adjusted	(90.4)	—	1,274.2	—	1,183.8	—
Net position-end of year	<u>\$ (149.9)</u>	<u>39.1</u>	<u>1,290.7</u>	<u>1,288.4</u>	<u>1,140.8</u>	<u>1,327.5</u>

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

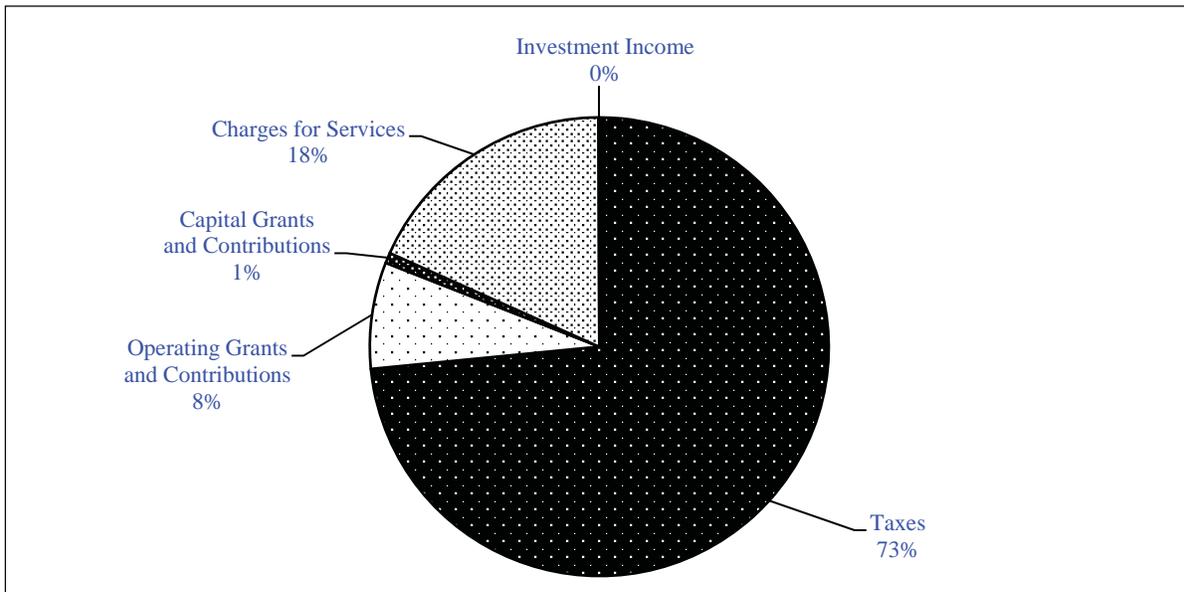
Changes in net position. The City's total revenue on a government-wide basis was \$1,017.5 million, an increase of \$19.2 million over the previous year. Taxes represent 54.9% of the City's revenue as compared with 52.7% last year. Additionally, 37.0% comes from fees charged for services, as compared to 36% of the previous year's revenue. The remainder is state and federal aid, interest earnings, and miscellaneous revenues.

The total cost of all programs and services was \$1,068.1 million, an increase from \$1,025.5 million last fiscal year. The City's expenses cover a range of typical City/county services. The largest program was the Airport. The program with the largest burden on general revenues was public safety.

The cumulative effect of change in accounting principle in the government-wide reduced the beginning balance by \$143.7 million.

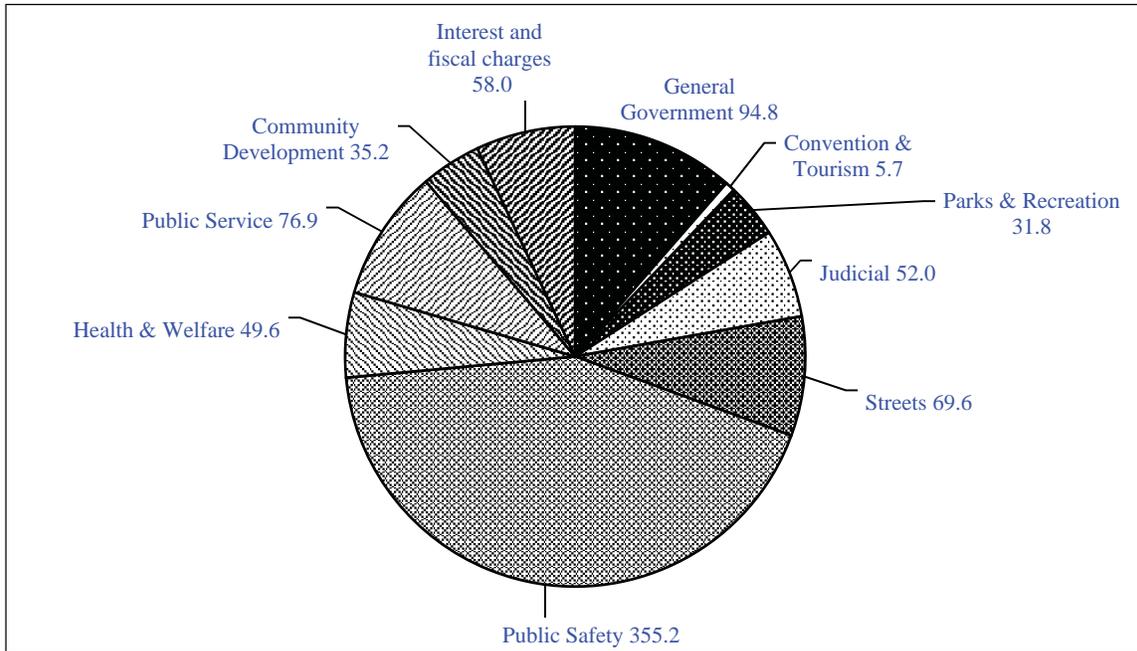
Governmental activities. As a result of this year's operations, the net position of governmental activities decreased by \$59.5 million or 66.1% without taking into account the cumulative effect of change in accounting principle. The net position decrease is primarily related to the City's inclusion of the SLPD within the Primary government (see note 2 to the basic financial statements), as well as anticipated level of spending over the expected growth in revenues. Revenues increased by \$22.5 million or 3.1%. Total expenses increased by \$42.6 million or 4.6%. Police expenses increased by \$41.1 million mainly due to the absorption of the OPEB Plan into the police function and expense line and its effect on the financial statements. Community development expenses funded by tax increment financing decreased by \$42.3 million due to a reduction in debt issuances in fiscal year 2014.

The following chart reflects the revenues by type as a percentage of total revenues for governmental activities for fiscal year 2014.



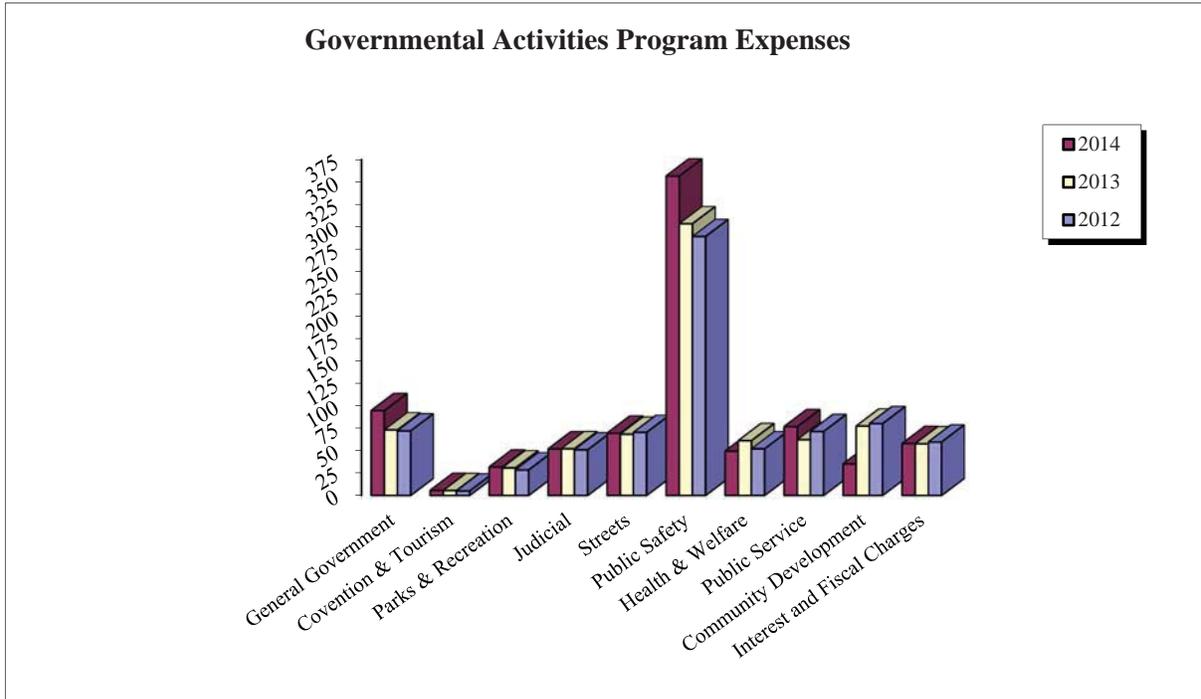
**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was \$828.7 million, an increase of \$36.7 million or 4.6% over the prior year. As shown, public safety is the largest function in expense (42.9%). The majority of the spending was the result of funding Police of \$209.8 million and Fire of \$86.1 million.



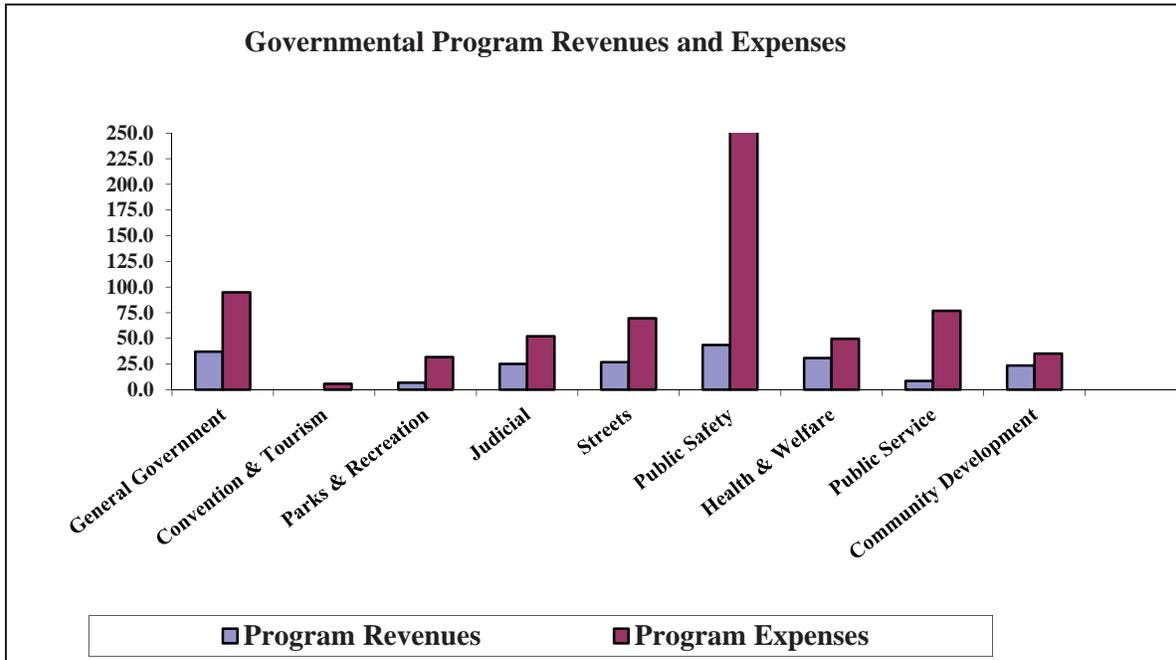
**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The following chart is a comparison of expense of governmental activities for fiscal years ended 2014, 2013, and 2012.



**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The following chart depicts the total expenses and total program revenues of the City's governmental functions for the year ended June 30, 2014.



**The City of St. Louis, Missouri
Governmental Activities
(dollars in millions)**

	Total Cost of Services		Net Costs of Services	
	2014	2013	2014	2013
General government	\$ 94.8	73.2	59.2	39.3
Convention and tourism	5.7	5.5	5.7	5.5
Parks and recreation	31.8	30.8	25.0	27.5
Judicial	52.0	52.2	27.0	28.8
Streets	69.6	68.4	42.8	41.7
Public Safety:				
Fire	86.1	75.5	74.9	56.6
Police	209.8	166.5	201.1	166.5
Other	59.3	61.3	35.6	37.8
Health and welfare	49.6	61.2	18.8	25.8
Public service	76.9	62.3	68.5	43.2
Community development	35.2	77.5	11.7	50.4
Totals	\$ 770.8	734.4	570.3	523.1

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014

The preceding charts represent the cost of governmental activities this year excluding interest and fiscal charges. The cost this year was \$770.8 million compared with \$734.4 million last year. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through City taxes was \$559.2 million. The primary difference of \$211.6 million comprises charges for services (\$137.5 million), operating grants and contributions (\$57.2 million), and capital grants and contributions (\$5.6 million).

Business-Type activities. Business-type activities reflect an increase in net position of \$16.5 million or 1.3%.

Lambert – St. Louis International Airport. The net position of the Airport decreased by \$2.2 million or 0.2% after considering the cumulative effect of a change in accounting principle of \$13.0 million. The operating income was \$4.7 million this year versus operating income of \$7.3 million in 2013. Total operating revenues for 2014 was \$141.5 million. Of this amount, major sources of operating revenue included aviation revenues (65.4%), concessions (18.0%), parking, net (13.3%), and lease revenue (3.3%). A significant non-operating revenue is passenger facility charges which accounts for \$24.1 million.

At June 30, 2014, the capital assets balance was \$1,631.7 million. This amount includes buildings and structures (net of accumulated depreciation) of \$220.3 million, pavings with \$572.3 million, and equipment with \$24.0 million, all net of accumulated depreciation. Land is \$751.6 million, construction in progress is \$60.0 million, and easements is \$3.5 million.

At June 30, 2014, the Airport had bonded debt of \$798.9 million.

Water Division. The net position of the Water Division increased by \$3.7 million or 2.1%. Operating income was \$6.2 million this year versus an operating income of \$10.1 million in 2013. Total operating revenues for 2014 was \$55.8 million. Of this amount, major sources of operating revenue included metered revenue (42.9%) and flat rate revenue (45.1%).

At June 30, 2014, the capital assets balance was \$148.7 million. This amount includes buildings and structures (net of accumulated depreciation) with \$15.8 million, reservoirs and water mains, lines and accessories with \$93.3 million, equipment with \$34.3 million, land with \$1.2 million, and construction-in-progress with \$4.0 million.

At June 30, 2014, the Water Division had bonded debt of \$4.8 million.

Parking Division. The net position of the Parking Division increased by \$0.93 million or 2.9% after considering the cumulative effect of a change in accounting principle of \$1.2 million. Operating income was \$5.1 million in fiscal year 2014 and \$4.4 million in fiscal year 2013. Total operating revenues for 2014 was \$15.8 million. Of this amount, major sources of operating revenue included parking meter revenue (13.2%), parking violations notices revenue (27.6%), and parking facilities revenue (55.2%).

At June 30, 2014, the capital assets balance was \$75.1 million. This amount includes buildings and parking garages (net of accumulated depreciation) with \$50.9 million, parking meters and lot equipment with \$0.8 million, equipment with \$0.5 million, and land with \$22.9 million.

CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2014

At June 30, 2014, the Parking Division had bonded debt of \$70 million.

The City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2014
(dollars in millions)

		<u>2014</u>	<u>2013</u>	<u>2014 vs. 2013</u> <u>\$ Change</u>	<u>2014 vs. 2013</u> <u>% Change</u>
Total assets	\$	359.7	323.3	36.4	11.3%
Total liabilities		89.5	160.6	(71.1)	-44.3%
Deferred inflow of resources		91.7	—	91.7	—%
Fund balance:					
Restricted		114.7	85.9	28.8	33.5%
Committed		73.6	65.2	8.4	12.9%
Assigned		11.6	10.5	1.1	10.5%
Unassigned		(21.4)	1.1	(22.5)	-2045.5%
Total fund balance		178.5	162.7	15.8	9.7%
Total liabilities, deferred inflow of resources, and fund balance	\$	359.7	323.3	36.4	11.3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows and balances of current financial resources that are available for spending. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance of \$2.6 million represents 0.5% of total general fund expenditures and transfers out of \$523.9 million.

The total fund balance in the City's general fund decreased by \$18.9 million or 34.6% in the current fiscal year. The City's general fund decreased by \$1.2 million or 2.2% in the prior fiscal year. The decrease is mainly due to the cumulative effect of a change in accounting principles and the SLPD becoming part of the Primary government (see note 2).

The total fund balance in the City's capital projects fund increased by \$31.4 million or 119.1% in the current fiscal year. The City's capital projects fund decreased by \$7.8 million or 22.8% in the prior fiscal year. The increase is related to \$42.6 million of bond issuances.

The grants fund received \$57.2 million in intergovernmental revenues that funded community development in the amount of \$16.9 million, or 29.5%, and health and welfare in the amount of \$28.9 million, or 50.5% in the current fiscal year. The grants fund received \$66.4 million in intergovernmental revenues that funded community development in the amount of \$24.1 million, or 36.3%, and health and welfare in the amount of \$32.7 million, or 49.3% in the prior fiscal year. The decrease in intergovernmental revenues was the result of several grants winding down or expiring during fiscal year 2014.

**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014**

The total fund balance in the City's other governmental funds increased by \$658 thousand or 0.8 % in the current fiscal year. The City's other governmental funds increased by \$6 thousand or 0.007 % in the prior fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Airport was \$65.9 million, the Water Division was \$27.8 million, and the Parking Division was \$15.2 million, as compared with \$70.0 million, \$28.5 million, and \$6.3 million, respectively in 2013. The total increase in net position for the enterprise funds was \$2.4 million in the current year a decrease of \$20 million from the previous year.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for the Firemen's Retirement System, the Firefighters' Plan, the Police Retirement System, and the Employee's Retirement System. As of the end of the current fiscal year, the net position of the pension funds totaled \$1.9 billion, an increase of \$169 million from the previous year.

The City is the custodian of the agency funds and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there is no net position to discuss. As of the end of the current fiscal year, the combined gross assets of the agency funds totaled \$51.6. This amount comprises activity from the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, and circuit clerk, and other miscellaneous agency activities.

General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any additional supplemental appropriations that may occur during the fiscal year. The general fund budget includes appropriations for the police, which in prior years, was a discretely presented component unit of the City. As discussed in note 2, as documented in Ordinance #69489, the City accepted responsibility, ownership, and liability as successor-in-interest for contractual obligations, indebtedness, and other lawful obligations of SLPD.

This discussion presents the budget information on the budgetary basis as the Board of Alderman approves the budget.

The original general fund revenue estimate including transfers in, totaled \$479.3 million. Actual results for the fiscal year's revenues and transfers in were \$476.7 million, which was below the original estimates by \$2.6 million.

The original general fund expense budget was \$489.5 million including transfers out. This also includes prior year encumbrances and commitments of \$11.1 million set aside and reappropriated. Actual expenditures and transfers out totaled \$483.1 million. This includes expenditures of \$8.3 million from prior year encumbrances and commitments. The encumbrances and commitments carried over into the next fiscal year in regard to the fiscal year 2014 budget total \$3.4 million. The general fund ended the fiscal year with a budget-basis-operating deficit of \$6.4 million. In addition, a transfer out of \$0.9 million was made to a 27th Pay Reserve. As of June 30, 2014, the unreserved fund balance of the general fund was \$8.2 million on a cash basis.

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

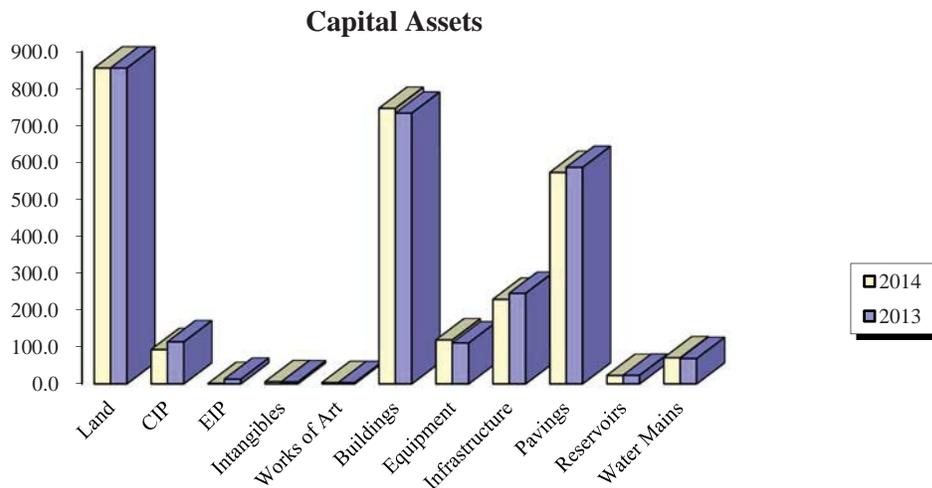
Capital Assets

The City had invested \$2.7 billion in a broad range of capital assets, including fire equipment, park facilities, roads, bridges, runways and water systems.

Schedule of Changes in Capital Assets
Net of Accumulated Depreciation
(dollars in millions)

		Governmental Activities		Business-type Activities		Total	
		2014	2013*	2014	2013	2014	2013
Land	\$	80.2	80.2	775.7	775.7	855.9	855.9
Construction in progress		28.8	22.5	64.0	91.5	92.8	114.0
Equipment in progress		1.0	12.6	—	—	1.0	12.6
Intangibles		1.0	1.1	3.5	3.5	4.5	4.6
Works of art		3.5	3.5	—	—	3.5	3.5
Buildings and improvements		459.5	467.7	287.0	265.6	746.5	733.3
Equipment		59.5	49.7	59.6	61.1	119.1	110.8
Infrastructure		229.2	245.4	—	—	229.2	245.4
Intangibles		1.2	0.7	—	—	1.2	0.7
Pavings		—	—	572.3	586.0	572.3	586.0
Reservoirs		—	—	22.6	23.2	22.6	23.2
Water mains, lines, accessories		—	—	70.7	68.6	70.7	68.6
Total	\$	863.9	883.4	1,855.4	1,875.2	2,719.3	2,758.6

*Balances were adjusted for implementation of GASB Statement No. 69 (see notes 2 and 8).



CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2014

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

For additional information on capital assets, refer to note 8 in the notes to the basic financial statements.

Long-Term Debt

At the end of fiscal year 2014, the City had outstanding long-term debt obligations for governmental activities in the amount of \$965.2 million compared with \$972.6 million in fiscal year 2013. Of this amount, \$28.1 million are general obligation bonds and \$300.3 million are development and tax increment financing bonds and notes payable. Leasehold revenue obligations outstanding totaled \$470.9 million.

The City of St. Louis, Missouri
Outstanding Long-Term Debt Obligations – Governmental Activities
(dollars in millions)

	<u>Fiscal Year</u> <u>2014</u>	<u>Fiscal Year</u> <u>2013*</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds payable	\$ 28.1	35.1	(7.0)	-19.9%
Section 108 Loan Guarantee				
Assistance Programs	35.6	39.5	(3.9)	-9.9%
Firemen's Retirement EAN Note	3.4	4.4	(1.0)	-22.7%
Loan agreement with FPF	4.6	1.9	2.7	142.1%
Development and tax increment financing bonds and notes payable	300.3	296.1	4.2	1.4%
Loan agreement with Missouri Transportation Finance Corporation	2.0	2.5	(0.5)	-20.0%
Capital lease—rolling stock	24.7	13.7	11.0	80.3%
Certificates of participation	6.1	6.7	(0.6)	-9.0%
Obligations with component units	51.6	53.0	(1.4)	-2.6%
Leasehold revenue improvement and refunding bonds	470.9	477.6	(6.7)	-1.4%
Joint venture financing agreement	37.9	42.1	(4.2)	-10.0%
Total	\$ 965.2	972.6	(7.4)	-0.8%

*Balances were adjusted for implementation of GASB Statement No. 69 (see notes 2 and 14).

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The City's authorized debt limit for calendar year 2014 was \$423.3 million. The City's effective legal debt margin as of June 30, 2014 was \$402.0 million. For additional information on long-term debt, refer to the note 14 to the basic financial statements.

CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2014

The City's underlying general obligation credit ratings remained unchanged for fiscal year 2014. The City ratings on uninsured general obligation bonds as of June 30, 2014 were:

Moody's Investor's Service, Inc.	A3
Standard and Poor's Corporation	A+
Fitch IBCA, Inc. Ratings	A

The City of St. Louis, Missouri
Revenue Bonds Outstanding
Long-Term Debt Obligations – Business-Type Activities
(dollars in millions)

		<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>\$ Change</u>	<u>% Change</u>
Airport	\$	798.9	794.6	4.3	0.54%
Water Division		4.8	7.6	(2.8)	-36.84%
Parking Division		70.0	70.5	(0.5)	-0.71%
Total	\$	<u>873.7</u>	<u>872.7</u>	<u>1.0</u>	<u>0.11%</u>

Outstanding revenue bonds of the business-type activities of the City as of June 30, 2014 and 2013 were \$873.7 million and \$872.7 million, respectively. The amount reflects an increase of \$1 million, or 0.11%. This amount includes Airport bonds of \$798.9 million, Water Division bonds of \$4.8 million, and Parking Division bonds of \$70 million. For additional information on revenue bonds of the business-type activities, refer to notes 14 and 18 of the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2015 annual operating budget allocates \$1,005.9 million among all budgeted funds, a 2.1% increase over the previous year's budget.
- The fiscal year 2015 general fund budget is \$484.4 million compared with \$479.3 million in the prior year. This amount reflects an increase of \$5.1 million, or 1.1%.
- Total positions for fiscal year 2015 are 6,693, a increase of 10 positions mainly in the public safety division.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the Office of the Comptroller of the City of St. Louis, 1200 Market Street, Room 311, Saint Louis, Missouri 63103.



City of St. Louis, Missouri
Statement of Net Position
June 30, 2014
(dollars in thousands)

Assets	Primary Government			Component units	
	Governmental activities	Business-type activities	Total	SLDC	SWMDC
Cash and cash equivalents	\$ 73,399	115,972	189,371	9,247	1,572
Investments	5,330	29,781	35,111	—	—
Receivables, net	170,034	25,061	195,095	15,014	12
Inventories	1,203	4,760	5,963	—	—
Restricted assets	93,932	205,690	299,622	—	—
Internal balances	12,610	(12,610)	—	—	—
Other assets	1,367	3,949	5,316	411	—
Receivable from primary government	—	—	—	702	—
Receivable from component unit	330	—	330	—	—
Net pension asset	41,877	—	41,877	—	—
Property held for development, net	—	—	—	20,463	—
Capital assets, net:					
Nondepreciable	114,426	843,308	957,734	4,914	—
Depreciable	749,411	1,012,146	1,761,557	25,552	6,841
Total assets	1,263,919	2,228,057	3,491,976	76,303	8,425
Deferred outflow of resources	4,286	23,052	27,338	—	—
Total assets and deferred outflow of resources	1,268,205	2,251,109	3,519,314	76,303	8,425
Liabilities					
Accounts payable and accrued liabilities	18,448	29,237	47,685	1,554	69
Accrued salaries and other benefits	18,183	8,188	26,371	—	—
Accrued interest payable	108,326	20,337	128,663	—	—
Unearned revenue	2,850	5,076	7,926	—	—
Other liabilities	1,625	—	1,625	—	—
Payable to component units	1,032	—	1,032	—	—
Payable to other government agencies	7	48	55	—	—
Long-term liabilities:					
Due within one year	119,991	44,165	164,156	19,535	—
Due in more than one year	1,147,671	853,250	2,000,921	27,174	—
Total liabilities	1,418,133	960,301	2,378,434	48,263	69
Net Position					
Net investments in capital assets	534,961	1,033,787	1,568,748	16,940	6,841
Restricted:					
Debt service	—	113,911	113,911	—	—
Capital projects	—	3,340	3,340	—	—
Passenger facility charges	—	30,919	30,919	—	—
Statutory restrictions	32,344	—	32,344	—	—
Unrestricted (deficit)	(717,233)	108,851	(608,382)	11,100	1,515
Total net position	\$ (149,928)	1,290,808	1,140,880	28,040	8,356

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Activities
Year ended June 30, 2014
(dollars in thousands)

Functions/Programs	Program revenues			Net (expense) revenue and changes in net position			Component units		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary government Business-type activities	Total	SLDC	SWMDC
Primary government:									
Governmental activities:									
General government	\$ 94,791	34,783	768	—	(59,240)	—	(59,240)	—	—
Convention and tourism	5,711	—	—	—	(5,711)	—	(5,711)	—	—
Parks and recreation	31,765	5,979	773	—	(25,013)	—	(25,013)	—	—
Judicial	52,009	23,076	1,914	—	(27,019)	—	(27,019)	—	—
Streets	69,584	26,110	48	630	(42,796)	—	(42,796)	—	—
Public safety:									
Fire	86,085	9,553	1,647	—	(74,885)	—	(74,885)	—	—
Police	209,762	5,260	3,351	—	(201,151)	—	(201,151)	—	—
Other	59,323	20,639	1,609	1,485	(35,590)	—	(35,590)	—	—
Health and welfare	49,602	1,631	29,135	—	(18,836)	—	(18,836)	—	—
Public service	76,863	6,037	4	2,317	(68,505)	—	(68,505)	—	—
Community development	35,238	4,412	17,924	1,196	(11,706)	—	(11,706)	—	—
Interest and fiscal charges	58,009	—	—	—	(58,009)	—	(58,009)	—	—
Total governmental activities	828,742	137,480	57,173	5,628	(628,461)	—	(628,461)	—	—
Business-type activities:									
Airport	175,058	165,927	706	16,318	—	7,893	7,893	—	—
Water Division	50,184	56,647	—	408	—	6,871	6,871	—	—
Parking Division	14,043	15,804	—	—	—	1,761	1,761	—	—
Total business-type activities	239,285	238,378	706	16,726	—	16,525	16,525	—	—
Total primary government	\$ 1,068,027	375,858	57,879	22,354	(628,461)	16,525	(61,936)	—	—
Component units:									
SLDC	\$ 18,148	9,599	14,351	—	—	—	—	(924)	(568)
SWMDC	906	150	—	188	—	—	—	—	(568)
Total component units	\$ 19,054	9,749	14,351	188	—	—	—	(924)	(568)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					\$ 75,136	—	75,136	—	—
Property taxes, levied for debt service					6,661	—	6,661	—	—
Sales taxes					173,018	—	173,018	—	—
Earnings/payroll taxes					202,022	—	202,022	—	—
Gross receipts taxes (includes franchise tax)					97,344	—	97,344	—	—
Miscellaneous taxes					4,977	—	4,977	—	—
Unrestricted investment earnings					364	1,818	2,182	122	1
Extraordinary item - Settlement proceeds					—	4,872	4,872	—	—
Extraordinary item - Natural disaster					—	2,730	2,730	—	—
Transfers					9,431	(9,431)	—	—	—
Total general revenues, extraordinary items, and transfers					568,953	(11)	568,942	122	1
Change in net position					(59,508)	16,514	(42,994)	(802)	(567)
Net position, beginning of year					39,099	1,288,455	1,327,554	28,842	8,923
Cumulative effect of change in accounting principles					(129,519)	(14,161)	(143,680)	—	—
Net position - beginning of year, adjusted					(90,420)	1,274,294	1,183,874	28,842	8,923
Net position - end of year					\$ (149,928)	1,290,808	1,140,880	28,040	8,356

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2014
(dollars in thousands)

Assets	Major funds			Nonmajor funds	Total governmental funds
	General fund	Capital projects fund	Grants fund	Other governmental funds	
Cash and cash equivalents:	\$				
Restricted	3,962	3,414	5,351	5,797	18,524
Unrestricted	29,484	—	—	43,046	72,530
Investments:					
Restricted	12,255	53,776	—	9,377	75,408
Unrestricted	640	1,322	197	3,112	5,271
Receivables, net of allowances:					
Taxes	99,481	4,298	—	46,498	150,277
Licenses and permits	2,526	—	—	231	2,757
Intergovernmental	3,423	1,760	4,491	634	10,308
Charges for services	3,773	33	—	1,900	5,706
Other	559	196	—	231	986
Inventory	1,203	—	—	—	1,203
Prepaid asset	493	—	3	—	496
Due from component units	—	—	—	326	326
Due from other funds	10,774	—	—	5,089	15,863
Total assets	\$ 168,573	64,799	10,042	116,241	359,655
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,427	5,385	5,319	1,852	17,983
Accrued salaries and other benefits	16,109	135	767	1,172	18,183
Due to component units	—	—	—	979	979
Due to other funds	3,976	1,124	1,440	1,970	8,510
Due to other governmental agencies	7	—	—	—	7
Advance to other funds	39,668	—	—	—	39,668
Unearned revenue	—	—	—	2,488	2,488
Other liabilities	1,678	—	—	—	1,678
Total liabilities	66,865	6,644	7,526	8,461	89,496
Deferred inflow of resources	65,983	353	—	25,360	91,696
Total liabilities and deferred inflow of resources	132,848	6,997	7,526	33,821	181,192
Fund balances (deficit):					
Nonspendable	2,537	—	3	11	2,551
Restricted	16,008	47,489	2,513	46,158	112,168
Committed	8,054	34,338	—	31,198	73,590
Assigned	6,521	—	—	5,053	11,574
Unassigned	2,605	(24,025)	—	—	(21,420)
Total fund balances	35,725	57,802	2,516	82,420	178,463
Total liabilities, deferred inflow of resources, and fund balances	\$ 168,573	64,799	10,042	116,241	359,655

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014
(dollars in thousands)

Total fund balances—governmental funds—balance sheet	\$	178,463
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and certain other assets used in governmental activities, which exceed capitalization threshold amounts (excluding internal service fund capital assets), are not financial resources and, therefore, are not reported in the fund financial statements.		863,792
The City reports a net pension asset on the statement of net position to the extent actual contributions to the City’s retirement plans exceed the annual actuarial required contribution. This asset is not reported in the fund financial statements.		41,877
Various taxes related to fiscal year 2014 will be collected beyond the 60-day period used to record revenue in the fund financial statements. Revenue for this amount is recognized in the government-wide financial statements.		13,017
Property taxes are assessed by the City on January 1st of each calendar year, but are not due until December 31st. Taxes assessed on January 1, 2014 and payable on December 31, 2014 are deferred inflows of resources within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		78,317
Internal service funds are used by management to charge the cost of risk management, mailroom services, health and equipment services to the individual funds, generally on a cost reimbursement basis. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		483
Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported on the government-wide statement of net position. Also, during the year, the City issued new debt and refunded some of its existing debt. Discounts, premiums, and deferred amounts on refunding are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt on the government-wide financial statements.		
Balances as of June 30, 2014 are:		
Accrued vacation and sick leave		(51,841)
OPEB Obligation		(148,744)
Net pension obligation		(52,390)
Accrued interest payable		(108,326)
Joint venture financing agreement		(37,844)
Certificates of participation		(6,110)
Obligations with component unit		(51,556)
Capital leases-rolling stock		(24,743)
Leasehold improvement and refunding revenue bonds		(470,889)
Development and TIF bonds and notes payable		(300,321)
General obligation bonds		(28,130)
Section 108 Loan Guarantee Assistance Programs		(35,580)
Fireman’s Retirement EAN Note		(3,396)
Other long-term debt		(6,647)
Deferred outflow of resources		4,286
Unamortized discounts		4,099
Unamortized premiums		(7,745)
Total net position—governmental activities—statement of net position	\$	<u><u>(149,928)</u></u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014
(dollars in thousands)

	Major funds			Nonmajor funds	Total governmental funds
	General fund	Capital projects fund	Grants fund	Other governmental funds	
Revenues:					
Taxes	\$ 365,469	22,244	—	169,774	557,487
Licenses and permits	19,279	—	—	6,725	26,004
Intergovernmental	21,948	5,628	57,173	3,320	88,069
Charges for services, net	32,067	396	—	17,404	49,867
Court fines and forfeitures	10,810	—	—	—	10,810
Investment income	241	129	(1)	(5)	364
Interfund services provided	3,464	—	—	—	3,464
Miscellaneous	8,587	463	—	10,534	19,584
Total revenues	<u>461,865</u>	<u>28,860</u>	<u>57,172</u>	<u>207,752</u>	<u>755,649</u>
Expenditures:					
Current:					
General government	65,926	—	692	18,030	84,648
Convention and tourism	119	—	—	4	123
Parks and recreation	18,777	1,283	672	5,821	26,553
Judicial	46,367	—	1,839	3,285	51,491
Streets	33,524	3,302	49	992	37,867
Public Safety:					
Fire	71,984	—	1,408	869	74,261
Police	150,918	282	2,194	22,695	176,089
Other	49,270	59	1,834	7,573	58,736
Health and welfare	3,229	—	28,906	17,072	49,207
Public services	30,519	6,398	(424)	39,718	76,211
Community development	—	—	16,930	18,308	35,238
Capital outlay	2,717	30,573	2,102	52	35,444
Debt service:					
Principal	21,493	20,011	1,060	21,752	64,316
Interest and fiscal charges	10,884	6,866	153	26,472	44,375
Total expenditures	<u>505,727</u>	<u>68,774</u>	<u>57,415</u>	<u>182,643</u>	<u>814,559</u>
Excess (deficiency) of revenues over expenditures	<u>(43,862)</u>	<u>(39,914)</u>	<u>(243)</u>	<u>25,109</u>	<u>(58,910)</u>
Other financing sources (uses):					
Sale of capital assets	—	207	—	—	207
Issuance of capital lease - rolling stock	—	16,605	—	—	16,605
Issuance of leasehold revenue bonds	—	26,000	—	—	26,000
Issuance of loan agreement	—	3,510	—	—	3,510
Issuance of development and tax increment financing notes	—	—	—	10,852	10,852
Premium on bond issuance	—	1,471	—	—	1,471
Transfers in	38,346	24,943	—	4,832	68,121
Transfers out	(16,680)	(1,873)	(2)	(40,135)	(58,690)
Total other financing (uses) sources, net	<u>21,666</u>	<u>70,863</u>	<u>(2)</u>	<u>(24,451)</u>	<u>68,076</u>
Net change in fund balances	<u>(22,196)</u>	<u>30,949</u>	<u>(245)</u>	<u>658</u>	<u>9,166</u>
Fund balances:					
Fund balance, beginning of year	54,658	26,380	(62)	81,762	162,738
Cumulative effect of change in accounting principles	3,263	473	2,823	—	6,559
Fund balance, beginning of year, adjusted	<u>57,921</u>	<u>26,853</u>	<u>2,761</u>	<u>81,762</u>	<u>169,297</u>
Fund balance, end of year	<u>\$ 35,725</u>	<u>57,802</u>	<u>2,516</u>	<u>82,420</u>	<u>178,463</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2014
(dollars in thousands)

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances \$ 9,166

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. Additionally, contributions of capital assets to the City are recorded as capital contributions on the statement of activities. This is the amount by which capital outlays and capital contributions, meeting the capitalization threshold, exceeded depreciation expense in the current year. Details of the reported amounts are as follows:

Capital outlay	35,444
Capital contribution	1,760
Loss on disposal of capital assets	(338)
Depreciation expense	(56,451)
	(19,585)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. These amounts represent the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). Such amounts are attributable to the following factors:

Change in revenues received after the 60-day accrual period	601
Property taxes due in the fiscal year following the fiscal year in which they were assessed	1,243
	1,844

Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds. The change in position of internal service funds attributable to governmental activities is reported on the statement of activities. (944)

The City reports a net pension obligation/asset on the statement of net position to the extent actual contributions to the City's retirement plans fall below/exceed the annual required contribution. This obligation/asset is not reported in the fund financial statements. Fluctuations in net pension obligations/assets are reported in the statement of activities. (12,944)

The City reports a net other postemployment obligation on the statement of net position to the extent actual contributions to the City's other postemployment plan falls below the annual required contribution. This obligation is not reported in the fund financial statements. The fluctuation in the net pension obligation is reported in the statement of activities. (28,406)

Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayments of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net position.

Debt issued during the current year:	
Development and Tax increment financing bonds and notes payable	(10,852)
Loan agreement with Forest Park Forever	(3,510)
Capital lease - rolling stock	(16,605)
Leasehold Revenue Bonds	(26,000)
Repayments during the current year:	
Annual principal payments on bonds and notes payable	53,885
Annual principal payments on joint venture financing agreement	4,241
Annual principal payments on capital lease	5,560
Annual principal payments Certificates of Participation	630
	7,349

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

This adjustment combines the net changes of the following:

Accrued vacation and sick leave	(883)
Accrued interest payable	(13,853)
Unamortized discounts	(202)
Unamortized premiums	(171)
Deferred outflow of resources	(879)
	(15,988)

Change in net position—governmental activities—statement of activities \$ (59,508)

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fund Net Position
Proprietary Funds
June 30, 2014
(dollars in thousands)

	Major funds – Enterprise funds				
	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	
Assets					
Current assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	\$ 48,644	3,862	2,241	54,747	—
Unrestricted cash and cash equivalents	66,461	19,962	15,064	101,487	869
Investments:					
Restricted investments	9,713	—	—	9,713	—
Unrestricted investments	—	—	—	—	59
Receivables, net of allowances:					
Intergovernmental	1,487	—	—	1,487	—
Charges for services	7,072	10,927	162	18,161	—
Insurance recovery	2,800	—	—	2,800	—
Passenger facility charges	2,430	—	—	2,430	—
Accrued interest	183	—	—	183	—
Prepaid assets	—	—	—	—	871
Due from component unit	—	—	—	—	4
Due from other funds	—	—	—	—	6,198
Advance from other funds	—	—	—	—	39,668
Inventories	2,579	2,181	—	4,760	—
Other current assets	767	—	20	787	—
Total current assets	142,136	36,932	17,487	196,555	47,669
Noncurrent assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	14,026	2,550	—	16,576	—
Unrestricted cash and cash equivalents	—	14,485	—	14,485	—
Investments:					
Restricted investments	114,533	—	10,121	124,654	—
Unrestricted investments	29,781	—	—	29,781	—
Capital assets:					
Property, plant, and equipment	1,663,135	288,699	83,532	2,035,366	127
Less accumulated depreciation	(846,592)	(145,284)	(31,344)	(1,023,220)	(82)
	816,543	143,415	52,188	1,012,146	45
Land, infrastructure and easements	755,112	1,238	22,909	779,259	—
Construction-in-progress	60,032	4,017	—	64,049	—
Capital assets, net	1,631,687	148,670	75,097	1,855,454	45
Intangibles and other assets, net	1,689	998	475	3,162	—
Total noncurrent assets	1,791,716	166,703	85,693	2,044,112	45
Deferred outflow of resources	18,370	—	4,682	23,052	—
Total assets and deferred outflow of resources	1,952,222	203,635	107,862	2,263,719	47,714
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	15,065	5,264	112	20,441	465
Accrued salaries and other benefits	1,977	890	216	3,083	—
Accrued vacation and compensatory time benefits	3,105	1,816	184	5,105	—
Contracts and retainage payable	8,796	—	—	8,796	—
Accrued interest payable	20,152	68	117	20,337	—
Current portion of revenue bonds	37,560	4,019	2,586	44,165	—
Due to other funds	6,460	4,950	1,200	12,610	941
Due to other government agencies	—	—	48	48	—
Claims payable	—	—	—	—	45,825
Unearned revenue and other deposits	1,579	1,860	1,637	5,076	—
Total current liabilities	94,694	18,867	6,100	119,661	47,231
Noncurrent liabilities:					
Revenue bonds payable, net	761,351	741	67,453	829,545	—
Customer deposits	—	1,800	—	1,800	—
Other liabilities	14,289	5,944	1,672	21,905	—
Total noncurrent liabilities	775,640	8,485	69,125	853,250	—
Total liabilities	870,334	27,352	75,225	972,911	47,231
Net Position					
Net investments in capital assets	884,818	143,910	5,059	1,033,787	45
Restricted:					
Debt service	96,937	4,612	12,362	113,911	—
Capital projects	3,340	—	—	3,340	—
Passenger facility charges	30,919	—	—	30,919	—
Unrestricted	65,874	27,761	15,216	108,851	438
Total net position	\$ 1,081,888	176,283	32,637	1,290,808	483

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2014
(dollars in thousands)

	Major funds – Enterprise funds				
	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Aviation revenues	\$ 92,366	—	—	92,366	—
Concessions	25,538	—	—	25,538	—
Water sales	—	52,496	—	52,496	—
Lease revenue	4,740	—	—	4,740	—
Parking, net	18,885	—	15,153	34,038	—
Charges for services	—	—	—	—	53,296
Intergovernmental revenue	—	—	—	—	—
Miscellaneous	—	3,321	641	3,962	—
Total operating revenues	<u>141,529</u>	<u>55,817</u>	<u>15,794</u>	<u>213,140</u>	<u>53,296</u>
Operating expenses:					
Claims incurred	—	—	—	—	33,183
Premiums	—	—	—	—	1,118
Personnel services	39,226	16,474	5,187	60,887	292
Material and supplies	7,290	7,285	177	14,752	4,862
Purchased power	—	3,050	—	3,050	—
Contractual services	36,380	6,520	1,366	44,266	—
Miscellaneous	71	7,572	1,208	8,851	—
Depreciation	50,269	5,242	2,655	58,166	2
Interfund services used	3,557	3,472	142	7,171	—
Total operating expenses	<u>136,793</u>	<u>49,615</u>	<u>10,735</u>	<u>197,143</u>	<u>39,457</u>
Operating income	<u>4,736</u>	<u>6,202</u>	<u>5,059</u>	<u>15,997</u>	<u>13,839</u>
Nonoperating revenues (expenses):					
Intergovernmental revenue	706	—	—	706	—
Investment income (expense)	1,569	58	191	1,818	—
Interest expense	(38,265)	(502)	(3,308)	(42,075)	—
Passenger facility charges	24,111	—	—	24,111	—
Loss on disposal of capital assets	—	(67)	—	(67)	12
Miscellaneous, net	287	830	10	1,127	—
Total nonoperating revenues (expenses), net	<u>(11,592)</u>	<u>319</u>	<u>(3,107)</u>	<u>(14,380)</u>	<u>12</u>
Income (loss) before transfers, extraordinary items, and capital contributions, net	<u>(6,856)</u>	<u>6,521</u>	<u>1,952</u>	<u>1,617</u>	<u>13,851</u>
Transfers in	—	—	932	932	—
Transfers out	(6,328)	(3,255)	(780)	(10,363)	—
Extraordinary item - settlement proceeds	4,872	—	—	4,872	—
Extraordinary item - natural disaster	2,730	—	—	2,730	—
Capital contributions	16,318	408	—	16,726	—
Total transfers, extraordinary items, and capital contributions, net	<u>17,592</u>	<u>(2,847)</u>	<u>152</u>	<u>14,897</u>	<u>—</u>
Change in net position	<u>10,736</u>	<u>3,674</u>	<u>2,104</u>	<u>16,514</u>	<u>13,851</u>
Net position—beginning of year	1,084,135	172,609	31,711	1,288,455	1,427
Cumulative effect of change in accounting principle	(12,983)	—	(1,178)	(14,161)	(14,795)
Net position—beginning of year—as adjusted	<u>1,071,152</u>	<u>172,609</u>	<u>30,533</u>	<u>1,274,294</u>	<u>(13,368)</u>
Net position—end of year	<u>\$ 1,081,888</u>	<u>176,283</u>	<u>32,637</u>	<u>1,290,808</u>	<u>483</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014
(dollars in thousands)

	Major funds – Enterprise funds				
	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 142,343	54,106	15,235	211,684	—
Other operating cash receipts	—	—	260	260	—
Payments to suppliers of goods and services	(38,664)	(22,068)	(2,739)	(63,471)	(33,949)
Payments to employees	(39,536)	(16,408)	(5,158)	(61,102)	(292)
Payments for interfund services used	(2,563)	(3,283)	—	(5,846)	31,574
Net cash provided by operating activities	<u>61,580</u>	<u>12,347</u>	<u>7,598</u>	<u>81,525</u>	<u>(2,667)</u>
Cash flows from noncapital financing activities:					
Interest paid on share of bond pension liability	—	(256)	—	(256)	—
Transfers from the State of Missouri	—	—	10	10	—
Transfers from other funds	—	—	932	932	—
Transfers to other funds	(6,328)	(3,217)	(780)	(10,325)	—
Net cash provided by (used in) noncapital financing activities	<u>(6,328)</u>	<u>(3,473)</u>	<u>162</u>	<u>(9,639)</u>	<u>—</u>
Cash flows from capital and related financing activities:					
Cash collections from passenger facility charges	25,319	—	—	25,319	—
Receipts from federal financing assistance	15,659	—	—	15,659	—
Acquisition and construction of capital assets	(42,184)	(6,483)	(50)	(48,717)	—
Insurance recoveries	2,730	—	—	2,730	—
Proceeds from sale of surplus property	287	—	—	287	—
Proceeds from issuance of bond	—	—	1,500	1,500	—
Principal paid on revenue bond maturities	(30,465)	(3,765)	(2,348)	(36,578)	—
Cash paid for interest	(40,357)	—	(3,004)	(43,361)	—
Other capital and financing activities	—	1,817	—	1,817	—
Net cash used in capital and related financing activities	<u>(69,011)</u>	<u>(8,431)</u>	<u>(3,902)</u>	<u>(81,344)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investments	(321,678)	—	(18,338)	(340,016)	58
Proceeds from sales and maturities of investments	358,624	—	13,091	371,715	—
Interest expense on cash and investments	—	58	—	58	—
Investment income	2,491	—	183	2,674	—
Net cash provided by (used in) investing activities	<u>39,437</u>	<u>58</u>	<u>(5,064)</u>	<u>34,431</u>	<u>58</u>
Net increase (decrease) in cash and cash equivalents	<u>25,678</u>	<u>501</u>	<u>(1,206)</u>	<u>24,973</u>	<u>(2,609)</u>
Cash and cash equivalents:					
Beginning of year:					
Unrestricted	49,555	33,756	10,966	94,277	3,478
Restricted	53,898	6,602	7,545	68,045	—
	<u>103,453</u>	<u>40,358</u>	<u>18,511</u>	<u>162,322</u>	<u>3,478</u>
End of year:					
Unrestricted	66,461	34,447	15,064	115,972	869
Restricted	62,670	6,412	2,241	71,323	—
	<u>\$ 129,131</u>	<u>40,859</u>	<u>17,305</u>	<u>187,295</u>	<u>869</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 4,736	6,202	5,058	15,996	13,839
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	50,269	5,243	2,655	58,167	2
Changes in assets and liabilities:					
Receivables, net	304	(998)	(224)	(918)	1,006
Inventories	(334)	51	—	(283)	—
Prepaid assets	—	—	—	—	(821)
Other assets, net	(209)	—	20	(189)	—
Accounts payable, accrued liabilities, accrued salaries, and other benefits	5,429	1,080	(370)	6,139	178
Claims payable	—	—	—	—	4,926
Unearned revenue and other deposits	862	(98)	(75)	689	—
Due to/from other funds	1,096	1,002	560	2,658	73
Advance to other funds	—	—	—	—	(21,870)
Customer deposits	—	(54)	—	(54)	—
Other long term liabilities	(573)	(81)	(26)	(680)	—
Total adjustments	<u>56,844</u>	<u>6,145</u>	<u>2,540</u>	<u>65,529</u>	<u>(16,506)</u>
Net cash provided by operating activities	<u>\$ 61,580</u>	<u>12,347</u>	<u>7,598</u>	<u>81,525</u>	<u>(2,667)</u>
Supplemental disclosure for noncash activities:					
Unrealized (loss) gain on investments	\$ (1,019)	67	38	(914)	—
Stock received for bankruptcy settlement	4,682	—	—	4,682	—

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2013*)	Agency Funds
Assets		
Cash and cash equivalents - unrestricted	\$ 13,402	24,285
Cash and cash equivalents - restricted	—	1,762
Investments - unrestricted	—	245
Pension trust investments:		
Bonds	160,328	—
Domestic bond funds	74,875	—
Stocks	565,150	—
Mortgage-backed securities	16,603	—
Collective investment funds	486,588	—
Real estate equities and investment trust	152,705	—
Investment property	1,184	—
Hedge funds	141,437	—
Money market mutual funds and other short-term investments	63,850	—
Managed master limited partnership	57,234	—
Managed international equity funds	180,024	—
Total investments	1,899,978	—
Securities lending collateral	3,582	—
Receivables, net of allowances:		
Taxes	—	23,805
Contributions	25,514	—
Accrued interest	2,208	—
Due from Firemen's Retirement System	54	—
Other	955	1,522
Capital assets, net	1,087	—
Total assets	1,946,780	51,619
Liabilities		
Accounts payable and accrued liabilities	2,227	3,904
Deposits held for others	963	14,869
Due to Firefighter's Retirement Plan	54	—
Due to other governmental agencies	—	32,846
Securities lending collateral liability	3,582	—
Other liabilities	2,678	—
Total liabilities	9,504	51,619
Deferred inflows of resources		
Payable under forward foreign currency exchange contracts	500	—
Total deferred inflows of resources	500	—
Total liabilities and deferred inflows of resources	10,004	51,619
Net position		
Net position held in trust for pension benefits	\$ 1,936,776	—

*See notes 11 and 29.
See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2014
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2013*)
Additions:	
Contributions:	
Members	\$ 7,104
Employer	88,227
Investment income:	
Interest and dividends	28,779
Net appreciation in fair value of investments	208,479
Investment income	237,258
Less investment expense	(8,354)
Net investment income	228,904
Total additions	324,235
Deductions:	
Benefits	145,364
Refunds of contributions	6,859
Administrative expense	3,397
Total deductions	155,620
Net increase	168,615
Net position held in trust for pension benefits:	
Beginning of year	1,768,161
End of year	\$ 1,936,776

*See notes 11 and 29.
See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Louis, Missouri (the City) is a constitutional charter city not a part of any county, which is organized and exists under and pursuant to the constitution and laws of the State of Missouri (the State). The City's current form of government is provided for in its charter, which first became effective in 1914 and has been subsequently amended by City voters. The City provides a wide range of municipal services as follows: fire, police, and other public safety; parks and recreation; forestry; health, welfare, and other social services; street maintenance; refuse collection; public services; community and economic development; convention and tourism; and general administrative services. The City also owns and operates a water utility, parking facilities, and an international airport as self-supporting enterprises.

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

Reporting Entity

The City's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. The City's financial reporting entity consists of the City of St. Louis (also referred to as the Primary Government) and its component units.

On September 1, 2013, as documented in Ordinance #69489, the City accepted responsibility, ownership, and liability as successor-in-interest for contractual obligations, indebtedness, and other lawful obligations of the Board of Police Commissioners for the Metropolitan Police Department of the City of St. Louis, Missouri (SLPD). Thus, beginning with fiscal year 2014, the SLPD is no longer a discretely presented component unit of the City. The impact of Ordinance #69489, constituted a government merger in which no significant consideration was exchanged. Effective July 1, 2013, the City implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (see note 2).

1) Blended Component Units

The component units discussed below are included in the City's reporting entity due to the significance of their operational or financial relationships with the City.

Public Facilities Protection Corporation (PFPC)

The PFPC is an internal service fund governed by a five-member board of persons in designated City positions. The PFPC is reported as if it were part of the primary government because its sole purpose is to provide the City with a defined and funded self-insurance program for claims, judgments, and other related legal matters including workers' compensation.

St. Louis Municipal Finance Corporation (SLMFC)

The SLMFC, established in 1991, is governed by a five-member board, consisting of persons in designated City positions. The SLMFC is reported as if it were part of the primary government

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

because its sole purpose is to lessen the burden on the City by financing, acquiring, leasing, or subleasing real property, and improvement thereon, and personal property to the City.

St. Louis Parking Commission Finance Corporation (SLPCFC)

The SLPCFC, established in 2003, is governed by a five-member board as appointed by the Parking Commission. The SLPCFC finances the purchase of and owns, leases and sells certain real property on behalf of the Parking Commission. SLPCFC is considered to be a component unit of the City because the Parking Division of the City of St. Louis (the Parking Division) is financially accountable for SLPCFC, as it appoints all of SLPCFC's directors and is able to impose its will on SLPCFC. The SLPCFC provides services entirely to the Parking Division and is reported as if it were part of the Parking Division because its sole purpose is to lessen the burden on the Parking Division by coordinating real property transactions.

Grand Center Municipal Parking Finance Corporation (MPFC)

The MPFC was established during the year ended June 30, 2009. The MPFC is a legally separate not-for-profit public benefit corporation with the Parking Commission as the sole member of the MPFC. Because the Parking Division appoints all of MPFC's directors and is able to impose its will on the MPFC, it is considered to be a component unit of the Parking Division. The MPFC's goal is to employ innovative public parking programs, services, technology, and products to strengthen the economic vitality and competitiveness of arts and entertainment venues and supporting enterprises operating in the Grand Center area. An additional goal is to improve the coordination of public parking regulations and enforcement, along with the quality marketability, availability, and accessibility of public parking spaces in the Grand Center area.

2) Discretely Presented Component Units

The component unit columns in the statement of net position and statement of activities include the financial data of the City's two discretely presented component units. These are reported individually to emphasize that they are legally separate from the City.

St. Louis Development Corporation (SLDC)

The SLDC was organized in 1988 to improve the efficiency and effectiveness of the economic development activities of the City. SLDC combines the administrative staffs of six independent development agencies for the purpose of coordinating administrative services for all six agencies. The agencies that are considered component units of SLDC are the Land Reutilization Authority, the Land Clearance for Redevelopment Authority (LCRA), the St. Louis Industrial Development Authority (IDA), the Planned Industrial Expansion Authority, the Local Development Company (LDC), and the St. Louis Port Authority. SLDC is included as a component unit of the City because the City is financially accountable for SLDC, as SLDC is fiscally dependent upon the City. SLDC is considered to be fiscally dependent on the City because SLDC may not legally issue bonded debt or implement a budget for its redevelopment activities until the City's Board of Alderman has approved the redevelopment project and declared the redevelopment area blighted.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Solid Waste Management and Development Corporation (SWMDC)

The SWMDC owns a system of underground pressurized steam transport pipe in the downtown St. Louis area commonly known as the “steam loop.” The steam loop is leased on a long-term basis to a steam-generating private entity unrelated to the City. The steam loop serves City Hall and other municipal buildings, and is the only non-private source of steam in downtown St. Louis. The City appoints a voting majority of SWMDC’s board of directors. The board of directors consists of representatives of the president of the Board of Public Service (Chairperson), deputy mayor/chief of staff, and director of the Street Department. Separate financial statements are not prepared for SWMDC. SWMDC is directed by employees of the City, and therefore, the City is able to impose its will on SWMDC.

Complete financial statements of the discretely presented component units other than SWMDC may be obtained from their administrative offices as follows:

St. Louis Development Corporation
1520 Market Street Ste 2000
St. Louis, Missouri 63103

3) Related Organizations

The City’s officials are also responsible for appointing the voting majority of board members for other organizations, but the City’s accountability for these organizations do not extend beyond making the appointments. Thus, no financial data for these organizations are included in the City’s basic financial statements. These related organizations include the Mental Health Board, the St. Louis Housing Authority, the St. Louis Office for Mental Retardation & Developmental Disability Resources, and the St. Louis Public Library.

4) Joint Venture

St. Louis Regional Convention and Sports Complex Authority (Authority)

The Authority, established in 1990 as a separate legal entity by an Act of the Missouri State legislature, is governed by an 11-member board of commissioners. The mayor of the City and the county executive of St. Louis County, Missouri (the County) each appoint three members and the governor of the State appoints the remaining five commissioners. The Authority is considered a joint venture of the City, the County, and the State because the three governments have entered into a contractual agreement with the Authority to sponsor the issuance of convention facility bonds, to repay the facility bonds through rental payments to the Authority, and to make annual preservation payments for facility maintenance and renovations, all of which create an ongoing financial responsibility of the City. The Authority is subject to joint control of the City, the County, and the State. Complete financial statements for the Authority can be obtained from the Authority’s administrative offices at 901 North Broadway, St. Louis, Missouri 63101.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

5) Pension Trust Funds

Financial information for the pension trust funds has been included within the accompanying financial statements as of September 30, 2013, which is the fiscal year end of the retirement plans, which falls within the City's current fiscal year end (also see note 11).

Government-wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has determined that the general fund, the capital projects fund, and the grants fund are major governmental funds. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide statements. The City has three enterprise funds (business-type activities): Lambert-St. Louis International Airport (the Airport), the Water Division of the City of St. Louis (the Water Division), and the Parking Division. Each of these enterprise funds is a major fund within the fund financial statements. Additionally, the City has four internal service funds (governmental activities): PFPC, mailroom services, health and equipment services. All internal service fund activity is combined into a single column on the proprietary fund statements, since major fund reporting requirements do not apply to internal service funds.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

1) Governmental Fund Types

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

The following are the City's governmental major funds:

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

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. This fund accounts for acquisition or construction of capital improvements, renovations, remodeling, and replacement for the City's major capital projects.

Grants Fund—The grants fund is a special revenue fund that is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The grants fund accounts for the majority of the City's federal grant programs received from the U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Labor, U.S. Department of Transportation, and various other federal agencies.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, and a debt service fund, which accounts for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs.

2) Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance.

The following are the City's proprietary fund types:

Enterprise—Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Enterprise funds have been established for the Airport, the Water Division, and the Parking Division. The Airport is used to account for the activities of the Airport. The principal services provided are financed primarily through landing fees and terminal concession revenues. The Water Division is used to account for sale of water to the general public and the operation of the water delivery system. The Parking Division is used to account for the operation of public parking facilities and parking meters. Each of the enterprise funds is a major fund in the fund financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Internal Service—Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. An internal service fund has been established for PFPC, mailroom services, health, and equipment service. The PFPC fund is used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds. The mailroom services fund is used to account for mail-handling services provided to other funds. The health fund is used to account for payment of health insurance claims for participants. The equipment service fund is used for the purchase and distribution of fuel to various city departments.

In the government-wide and proprietary fund financial statements, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

3) Fiduciary Fund Types

Trust and Agency—Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Firemen's Retirement System of St. Louis (Firemen's System), the Firefighters' Retirement Plan (Firefighter's Plan), the Police Retirement System of St. Louis (Police System), and the Employees' Retirement System of the City of St. Louis (Employees' System) pension benefits. Agency funds are accounted for using the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, circuit clerk, police and other agency operations.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund, pension trust fund, and discretely presented component unit financial statements. Agency funds adhere to the accrual basis of accounting, and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 have been met.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for governmental fund types, and the accrual basis of accounting for the proprietary fund types, pension trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term “available” is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the City, available is defined as expected to be received within 60 days of fiscal year-end, except for government grants, which is within 120 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (that is, matured).

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as city earnings and payroll taxes, sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as unearned revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used for the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits, court fines, and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received, with the exception of refuse charges.

Under the accrual basis of accounting used by the proprietary fund types and pension trust funds, revenues are recognized when earned and expenses are recognized when incurred. Unbilled service

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

revenues are accrued by the Airport and the Water Division based on estimated billings for services provided through the end of the current fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport enterprise fund are revenues from airlines, concessions, and parking. Transactions that are capital, financing, or investing related are reported as nonoperating revenues. The principal operating revenues of the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds are charges to customers for sales and services. All expenses related to operating the Airport enterprise fund are reported as operating expenses. Interest expense, financing costs, and miscellaneous expenses are reported as nonoperating expenses. Operating expenses for the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds include the cost of sales and services, administrative expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

For the pension trust funds, under the accrual basis of accounting, contributions are recognized in the period in which the contributions are due and benefits are recognized when they become due and payable.

Property Taxes

Taxes are levied annually in November based on the assessed valuation of all real and personal property located in the City as of the previous January 1 and use is first permitted the following fiscal year. The City tax rate levied in November 2013 was \$1.6092 per \$100 (in dollars) of assessed valuation of which \$1.4672 (in dollars) is for the general fund and \$0.142 (in dollars) is for the debt service fund. Taxes are billed in November and are due and collectible on December 31. All unpaid taxes become delinquent on January 1 of the following year and attach as an enforceable lien on the related property at that date.

Cash and Investments

The City Treasurer maintains a cash and investment pool that is available for use by all funds including certain component units, except pension trust funds. In accordance with the City's budget ordinance the majority of investment income is considered earned by the general fund except for earnings otherwise legally restricted for a specific purpose. Income from investments associated with one fund is not assigned to another fund for other than legal or contractual reasons. In addition, cash and investments are separately maintained by other City officials, several of the City's departments and third-party trustee and fiscal agents.

Investments are recorded at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The City invests in various investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the fair values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Inventories

Purchase of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. For the enterprise fund type, inventories are recorded at cost using a method that approximates the first-in, first-out method or the moving average cost method, and the expense is recognized when inventories are consumed in operations.

Capital Assets

1) Governmental Activities Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure assets (for example, roads, bridges, docks, promenade, traffic signals, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5 or more, infrastructure with a cost of \$500 or more, building improvements with a cost of \$100 or more, and all land, land improvements, and buildings.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2001 consist of the road network and other infrastructure assets that were acquired or that received substantial improvements subsequent to June 30, 1980 and are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The City has determined that all works of art and historical treasures other than the City's statues, monuments, and fountains meet the definition of a collection, and accordingly, has not capitalized these assets. A collection is defined as:

- Held for public exhibition and education
- Protected, cared for, and preserved
- Subject to an organizational policy that requires the proceeds from the sale to be used to acquire other items for the collection.

The City has adopted a policy related to the sale of these assets, stating that the proceeds from the sale of any City-owned collections, in part or in its entirety, will be used for the acquisition of collection items.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

All City-owned statues, monuments, and fountains are capitalized at their historic cost based upon original acquisition, construction documents, or estimates of original costs. Because of the nature of these assets and the manner in which the City maintains its historic treasures, these assets are considered inexhaustible, and therefore, are not subject to depreciation.

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets, except for roads, which is computed using the composite method. The estimated useful lives of depreciable capital assets are as follows:

	Years
Buildings	40 to 99
Improvements other than buildings	3 to 40
Equipment	3 to 20
Police Automotive Equipment	3 to 15
Infrastructure	18 to 50
Intangibles	3 to 10

City management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred. Such events or changes in circumstances that were considered by the City management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

2) Business-type Activities Capital Assets

Capital assets for the Airport, the Water Division, the Parking Division, and the mailroom are reported in the business-type activities column in the government-wide financial statements, net of accumulated depreciation.

3) Airport

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost which, in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset. The estimated useful lives of capital assets are as follows:

	Years
Pavings	5 to 30
Buildings and facilities	5 to 30
Equipment	3 to 20

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

4) Water Division

Capital assets were originally recorded in the accounts in 1958 and were based on an engineering study of the historical cost of properties constructed by employees of the Water Division. Accumulated depreciation, at the date the assets were recorded, was established after a review by a consulting firm.

Additions to capital assets subsequent to 1958 are recorded at historical cost. Provisions for depreciation of the capital assets are computed on a straight-line basis over the estimated useful lives of the assets and are charged to operating expenses. The estimated useful lives of depreciable assets are as follows:

	<u>Years</u>
Buildings and structures	44 to 55
Pumping equipment	28 to 44
Hydrants, transmission mains, and lines	50 to 100
Meters	33
Other equipment	5 to 25

Net interest costs on funds borrowed to finance the construction are capitalized and depreciated over the life of the related asset.

5) Parking Division

Capital assets are recorded at historical cost, including applicable interest incurred during the construction period. Donated capital assets are recorded at estimated fair market value at the date of donation. The contributions are reflected as capital contributions. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives of assets for depreciable capital assets are as follows:

	<u>Years</u>
Buildings, land improvements, and parking garages	5 to 40
Equipment	5 to 15
Parking meters and lot equipment	5 to 10

Non-depreciable assets include land and infrastructure.

6) Mailroom

Capital assets are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful life of equipment, other than computer equipment, is 10 years. The estimated useful life of computer equipment is five years.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

7) Component Unit—SLDC

SLDC’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost. Historically, SLDC has maintained infrastructure asset records consistent with all other capital assets. SLDC generally capitalizes assets with costs of \$2,500 (in dollars) or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are generally treated as follows:

	<u>Years</u>
Buildings and structures	40
Improvements other than buildings (includes infrastructure)	3 to 25
Furniture, fixtures, and equipment	3 to 10

8) Component Unit—SWMDC

Capital assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives to the depreciable capital assets. The estimated useful lives of infrastructure is 30 to 40 years.

Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position/statement of fund net position.

Passenger Facility Charges (PFCs)

The Airport collects a \$4.50 (in dollars) facility charge per enplaned passenger to fund approved Federal Aviation Administration (FAA) projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an \$0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction and are recognized as nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2014 were \$2,430. This amount was collected during July and August 2014.

Capital Contributions

Capital contributions to the proprietary fund type represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement. Amounts received from other governments

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

by the proprietary fund type, which are not restricted for capital purposes, are reflected as nonoperating intergovernmental revenue.

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental activities or governmental fund types.

Bond Premiums, Discounts, and Issuance Costs

In government-wide financial statements and the proprietary fund types in the fund financial statements, bond discounts are recorded as a reduction of the debt obligation and bond premiums are recorded as an addition to the debt obligation. Such amounts are amortized using the interest method or bonds-outstanding method over the term of the related revenue bonds. Bond issuance costs were treated the same but have been revised in accordance with GASB No. 65, which states that these costs should be recognized as an outflow of resources and expensed rather than amortized. Fiscal year 2014 has been adjusted to reflect the cumulative effect of this change in accounting principle. The difference between the carrying value of defeased debt and the offsetting new debt has been reclassified as a deferred outflow of resources and is amortized as a component of interest expense over the remaining life of the bonds using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are included in interest expense when incurred.

Vacation and Sick Leave

The vacation and sick policy for all departments of the City, except the police department are as follows:

The City grants vacation to full-time and part-time employees who work 50% of full-time or more based on years of continuous service. The entire accrued benefit liability related to the City's vacation and sick leave has been recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Amounts have been recorded in the governmental fund financial statements as part of accrued salaries and other benefits, since such amounts came due (that is, matured) during the fiscal year ended June 30, 2014.

Non-uniformed employees retiring after June 30, 2001 who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the government-wide financial statements and the proprietary funds in the fund financial statements representing one-half of the accumulated sick leave balance for those employees who will be eligible to retire within five years.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The vacation and sick leave policy for the employees of the police department are as follows:

Vacation and designated holiday pay is granted to full-time employees based on years of continuous service and will be paid to employees upon resignation, retirement, or death.

Both commissioned and civilian employees accumulate sick leave hours and will be paid a minimum of 25% of their unused sick leave upon termination of employment. The liability for accrued sick leave pay has been calculated using the vesting method. Commissioned and civilian employees retiring from SLPD with 1600+ hours of sick leave accrued and 20+ years of service will be paid 25% of their unused sick leave plus one additional month's salary. Commissioned employees retiring from SLPD with 2200+ hours of sick leave accrued and 30+ years of service will be paid 50% of their unused sick leave. Civilian employees retiring from SLPD with 2200+ hours of sick leave accrued and who have 85 points (years of service plus age) or reached age 65 will be paid 50% of their unused sick leave.

Effective June 30, 2011, at point of termination, all benefit payouts greater than \$3 are paid in thirds as follows: first third is paid immediately, second third is paid twelve months from first payment and the third and the final third is paid twelve months from the second payment.

Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

1) Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

2) Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the City.

Within the accompanying activity from the statement of activities, interfund services provided and used are not eliminated from the various functional categories. Transfers are eliminated from the various functional categories.

Certain internal payments are treated as program revenues, such as internal services provided and used. Certain internal payments are treated as a reduction of expense, such as reimbursements.

Fund Balance Designation

In the governmental fund financial statements the City maintains nonspendable, restricted, committed, assigned and unassigned fund balances.

Within the fund financial statements, the fund balance is reported as follows:

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

- **Nonspendable:** This consists of resources not in spendable form or are legally or contractually required to remain intact.
- **Restricted:** This consists of amounts that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.
- **Committed:** This consists of amounts that can only be used for specific purposes pursuant to formal action of the government’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit these amounts. Committed balances are classified as such as a result of the City of St. Louis Board of Aldermen taking formal action and adopting an ordinance which can only be modified or rescinded by a subsequent formal action.
- **Assigned:** This consists of amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Per City policy, assigned balances are a result of the Board of Estimate and Apportionment approval and authorization of projects or actions prior to July 1, 2014.
- **Unassigned:** This consists of residual fund balances that do not meet the criteria of nonspendable, restricted, committed, or assigned.

The City’s policy is to apply expenditures to restricted resources first, then committed, then assigned, and unassigned, respectively, as applicable.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

1) Net Investment in Capital Assets

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition and construction of those assets.

2) Restricted

This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted by statutory restrictions represent tax and other revenue sources that are required by statute to be expended only for a specific purpose or purposes.

3) Unrestricted

This consists of net position that do not meet the definition of “restricted” or “invested in capital assets.”

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less at the date of purchase.

Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

Individual Fund Deficit

At June 30, 2014, the licensed gaming program – nonmajor governmental fund has a deficit fund balance of \$10. This amount will be offset by future taxes.

Implementation of New Accounting Standards

Effective for fiscal year 2014, the City Adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which intends to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reports. In adopting this standard, the City recognized the cumulative effect of a change in accounting principle in the amounts of (\$16,643) and (\$14,161), for governmental activities and business-type activities, respectively. Future bond issue costs will be included in interest and fiscal charges when incurred. The City also changed the classification of the difference between the carrying value of defeased debt and the offsetting new debt to a deferred outflow of resources from long-term liabilities. The City also reported deferred inflows of resources for imposed nonexchange revenue transactions since taxes that are levied during the current fiscal year's use is not permitted until the following fiscal year. The Statement also limited the use of the term deferred to deferred outflow of resources and deferred inflow of resources.

Effective for fiscal year 2014, the City adopted GASB Statement No. 66, *Technical Corrections- 2012*, which intends to improve financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions and Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Adoption of GASB Statement No. 66 had no effect on the City's financial statements.

Effective for fiscal year 2014, the City implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operation*. See note 2. In adopting this standard, the City recognized the cumulative effect of a change in accounting principle of (\$112,876) in the government-wide statement of activities, \$6,559 in the governmental funds statement of revenues, expenditures, and changes in fund balances, and (\$14,795) in the internal service fund – proprietary funds statement of revenues, expenditures, and changes in fund net position.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Effective for fiscal year 2014, the City adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which intends to improve financial reporting by state and local governments that extend and receive non exchange financial guarantees. Adoption of GASB Statement No. 70 had no effect on the City's financial statements.

In fiscal year 2015, the City will adopt GASB Statement No. 67, *Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25*, which intends to improve financial reporting by state and local governmental pension plans. Also, in fiscal year 2015, the Firemen's System, the Firefighter's Plan, the Police System, and the Employees' System will adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment to GASB Statement No. 27*, which enhances accounting and financial reporting by state and local governments for pensions and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The City has determined adoption will have a significant impact on its financial statements when implemented.

Reclassifications

Certain 2013 amounts within the accompanying notes have been reclassified to conform with the fiscal year 2014 presentation.

2. GASB STATEMENT NO. 69 AND THE IMPACT ON REPORTING ENTITY

Effective July 1, 2013, the City implemented GASB 69, *Government Combinations and Disposals of Government Operations* (GASB Statement No. 69). Beginning with fiscal year 2014, the SLPD is no longer a discretely presented component unit of the City. The impact of Ordinance #69489, constituted a government merger in which no significant consideration was exchanged. With the implementation of GASB Statement No. 69, the SLPD was absorbed into the Primary Government, and the Primary Government continued to provide police services to the City of St. Louis. The merger date for the purpose of GASB Statement No. 69 implementation was July 1, 2013, even though Ordinance #69489 didn't pass until September 1, 2013. The primary reason for the change was due to cost saving measures.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The Primary Government recognized the assets and liabilities of SLPD as of July 1, 2013 at the carrying value, except as adjusted. Adjustments to previously reported amounts were made to align the methods of accounting principles between the Primary Government and the SLPD. Additionally, certain transactions between the Primary Government and SLPD have been eliminated. Specifically, all receivables and payables between the Primary Government and SLPD have been eliminated, but the effect of interfund services provided and used were not.

The following Tables I - VIII illustrate how the SLPD was merged into the Primary government. Tables I and II illustrate how activities of the SLPD were split between Primary government activities and funds. Tables III - VIII illustrate Primary government adjusted balances for June 30, 2013.

Table I:

The governmental activities of the SLPD as of June 30, 2013 were allocated between the Primary government – governmental activities and the Primary government – Internal service funds as follows:

	SLPD		Portion of SLPD			
	Statement of Net Position		allocated to			
	Governmental activities		Primary government			
	Total*		Governmental activities			
Assets				Portion of SLPD		
				allocated to		
				Primary government		
				Internal service funds		
Cash and cash equivalents	\$	893	\$	893	\$	-
Receivables, net		1,289		1,289		-
Inventories		1,390		1,390		-
Restricted assets		2,850		2,850		-
Other assets		852		852		-
Receivable from primary government		9,902		9,902		-
Capital assets, net:						
Nondepreciable		6,663		6,663		-
Depreciable		26,687		26,687		-
Total assets		<u>50,526</u>		<u>50,526</u>		<u>-</u>
Liabilities						
Accounts payable and accrued liabilities		1,023		1,023		-
Accrued salaries and other benefits		5,717		5,717		-
Unearned revenue		1,475		1,475		-
Payable to primary government		1,844		1,844		-
Long-term liabilities:						
Due within one year		20,451		16,973		3,478
Due in more than one year		147,687		136,370		11,317
Total liabilities		<u>178,197</u>		<u>163,402</u>		<u>14,795</u>
Net Position						
Net investments in capital assets		33,350		33,350		-
Restricted:						
Statutory restrictions		2,857		2,857		-
Unrestricted (deficit)		(163,878)		(149,083)		(14,795)
Total net position	\$	<u>(127,671)</u>	\$	<u>(112,876)</u>	\$	<u>(14,795)</u>

* per audited June 30, 2013 basic financial statements

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table II:

The SLPD Governmental funds – Other governmental funds – nonmajor fund as of June 30, 2013 was allocated between the Primary government – general fund – major fund and the Primary government – grants fund – major fund as follows:

	SLPD Governmental funds Non-major fund - Other governmental funds*	Portion of SLPD allocated to Primary government General Fund	Portion of SLPD allocated to Primary government Grants Fund
Assets			
Receivables, net	\$ 1,090	\$ 323	\$ 767
Prepaid asset	7	—	7
Due from Treasurer - City of St. Louis	165	155	10
Due from other funds	1	—	1
Total assets	<u>1,263</u>	<u>478</u>	<u>785</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	39	1	38
Accrued salaries and other benefits	241	139	102
Due to Treasurer - City of St. Louis	948	303	645
Total liabilities	<u>1,228</u>	<u>443</u>	<u>785</u>
Fund balances:			
Nonspendable	7	7	—
Unassigned	28	28	—
Total fund balances	<u>35</u>	<u>35</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,263</u>	<u>\$ 478</u>	<u>\$ 785</u>

* per audited June 30, 2013 basic financial statements

Note: Activities of the SLPD other governmental funds - non-major fund were split between general fund government-type activities and special revenue fund activities for the purpose of GASB No. 69 implementation.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table III:

The Primary government – governmental activities adjusted balances as of June 30, 2013, consisted of the Primary government original June 30, 2013 balances, and a portion of the SLPD governmental activities as presented in Table I, and any adjustments as follows:

Assets	Primary government* Statement of Net Position Governmental activities		Total	Adjustments***		Primary government Governmental activities, as adjusted
	SLPD*			Debit	Credit	Total
Cash and cash equivalents	\$ 75,567	\$ 893	\$ 76,460	\$ —	\$ —	\$ 76,460
Investments	7,961	—	7,961	—	—	7,961
Receivables, net	157,004	1,289	158,293	—	—	158,293
Inventories	—	1,390	1,390	—	—	1,390
Restricted assets	66,465	2,850	69,315	—	—	69,315
Deferred charges	16,643	—	16,643	—	—	16,643
Internal balances	9,908	—	9,908	—	—	9,908
Other assets	50	852	902	—	—	902
Receivable from primary government	—	9,902	9,902	—	9,902	—
Receivable from component unit	1,844	—	1,844	—	—	1,844
Net pension asset	42,327	—	42,327	—	—	42,327
Capital assets, net:						
Nondepreciable	113,236	6,663	119,899	—	—	119,899
Depreciable	736,821	26,687	763,508	—	—	763,508
Total assets	<u>1,227,826</u>	<u>50,526</u>	<u>1,278,352</u>	<u>—</u>	<u>9,902</u>	<u>1,268,450</u>
Liabilities						
Accounts payable and accrued liabilities	14,295	1,023	15,318	—	—	15,318
Accrued salaries and other benefits	10,824	5,717	16,541	—	—	16,541
Accrued interest payable	94,473	—	94,473	—	—	94,473
Unearned revenue	2,603	1,475	4,078	—	—	4,078
Other liabilities	1,249	—	1,249	—	—	1,249
Payable to primary government	—	1,844	1,844	—	—	1,844
Payable to component units	10,653	—	10,653	9,902	—	751
Payable to other government agencies	4	—	4	—	—	4
Long-term liabilities:						
Due within one year	84,963	16,973	101,936	—	—	101,936
Due in more than one year	969,663	136,370	1,106,033	—	—	1,106,033
Total liabilities	<u>1,188,727</u>	<u>163,402</u>	<u>1,352,129</u>	<u>9,902</u>	<u>—</u>	<u>1,342,227</u>
Net Position						
Net investments in capital assets	502,818	33,350	536,168	—	—	536,168
Restricted:						
Statutory restrictions	30,799	2,857	33,656	—	—	33,656
Unrestricted (deficit)	(494,518)	(149,083)	(643,601)	—	—	(643,601)
Total net position	<u>\$ 39,099</u>	<u>\$ (112,876)</u>	<u>\$ (73,777)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (73,777)</u>

* per audited June 30, 2013 basic financial statements.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table IV:

The Primary government – general fund – major fund adjusted balances as of June 30, 2013, consisted of the Primary government original June 30, 2013 balances, all of the SLPD general fund – major fund, and a portion of the SLPD other governmental funds – nonmajor fund as presented in Table II, and any adjustments as follows:

	Primary government		SLPD	Total	Adjustments***		Primary government
	Major funds		Non-major fund		Debit	Credit	Major fund
	General fund*	General fund	Other governmental funds**				General fund, as adjusted
Assets							Total
Cash and cash equivalents	\$ 39,455	\$ 893	\$ —	\$ 40,348	\$ —	\$ —	\$ 40,348
Investments	12,254	—	—	12,254	—	—	12,254
Receivables, net	96,028	199	323	96,550	—	—	96,550
Prepaid asset	—	844	—	844	—	—	844
Inventories	—	1,390	—	1,390	—	—	1,390
Due from Treasurer - City of St. Louis	—	9,737	155	9,892	—	9,892	—
Due from component unit	1,844	—	—	1,844	—	1,844	—
Due from other funds	13,518	—	—	13,518	1,634	—	15,152
Total assets	163,099	13,063	478	176,640	1,634	11,736	166,538
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	3,456	956	1	4,413	—	—	4,413
Accrued salaries and other benefits	9,093	5,476	139	14,708	—	—	14,708
Due to component units	8,440	—	—	8,440	8,440	—	—
Due to Treasurer - City of St. Louis	—	896	303	1,199	1,199	—	—
Due to other funds	4,481	1	—	4,482	—	10	4,492
Due to other governmental agencies	4	—	—	4	—	—	4
Advance to other funds	17,771	—	—	17,771	—	—	17,771
Unearned revenue	63,882	1,475	—	65,357	—	—	65,357
Other liabilities	1,314	558	—	1,872	—	—	1,872
Total liabilities	108,441	9,362	443	118,246	9,639	10	108,617
Fund balances:							
Nonspendable	—	2,234	7	2,241	—	—	2,241
Restricted	14,784	—	—	14,784	1,462	1,978	15,300
Committed	8,054	—	—	8,054	—	—	8,054
Assigned	6,043	1,467	—	7,510	989	—	6,521
Unassigned	25,777	—	28	25,805	—	—	25,805
Total fund balances	54,658	3,701	35	58,394	2,451	1,978	57,921
Total liabilities and fund balances	\$ 163,099	\$ 13,063	\$ 478	\$ 176,640	\$ 12,090	\$ 1,988	\$ 166,538

* per audited June 30, 2013 basic financial statements.

** Activities of the SLPD other governmental funds - non-major fund were split between general fund government-type activities and special revenue fund activities for the purpose of GASB No. 69 implementation.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table V:

The Primary government – Capital projects fund major fund adjusted balance as of June 30, 2013, consisted of the Primary government original June 30, 2013 balances and any adjustments as follows:

	Primary government Major fund Capital projects fund*	Adjustments***		Primary government
		Debit	Credit	Capital projects fund - Major fund - as adjusted
				Total
Assets				
Cash and cash equivalents:	\$			
Restricted	12,764	—	—	12,764
Investments:				
Restricted	14,730	—	—	14,730
Unrestricted	1,530	—	—	1,530
Receivables, net of allowances:				
Taxes	3,019	—	—	3,019
Intergovernmental	1,925	—	—	1,925
Charges for services	32	—	—	32
Other	13	—	—	13
Total assets	\$ 34,013	—	—	34,013
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,011	—	—	4,011
Accrued salaries and other benefits	126	—	—	126
Due to component units	1,462	1,462	—	—
Due to Treasurer - City of St. Louis	—	—	—	—
Due to other funds	1,991	—	989	2,980
Unearned revenue:				
Other revenue	43	—	—	43
Total liabilities	7,633	1,462	989	7,160
Fund balances:				
Restricted	22,027	989	1,462	22,500
Committed	28,939	—	—	28,939
Unassigned	(24,586)	—	—	(24,586)
Total fund balances	26,380	989	1,462	26,853
Total liabilities and fund balances	\$ 34,013	2,451	2,451	34,013

* per audited June 30, 2013 basic financial statements.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table VI:

The Primary government – grant fund – major fund adjusted balance as of June 30, 2013, consisted of the Primary government – grant fund – major fund original balances, a portion of the SLPD other governmental funds – nonmajor fund as presented in Table II, all of the SLPD asset forfeiture fund – major fund and any adjustments as follows:

	Primary government	SLPD	SLPD	Total	Adjustments***		Primary government
	Major fund - Grant fund*	Non-major fund - Other governmental fund**	Major fund - Asset forfeiture fund*		Debit	Credit	Major fund – Grant fund, as adjusted
Assets							Total
Cash and cash equivalents	\$ 2,816	—	2,850	5,666	—	—	5,666
Investments	324	—	—	324	—	—	324
Receivables, net	9,282	767	—	10,049	—	—	10,049
Prepaid asset	—	7	1	8	—	—	8
Inventories	—	—	—	—	—	—	—
Due from Treasurer - City of St. Louis	—	10	—	10	—	10	—
Due from component unit	—	—	—	—	—	—	—
Due from other funds	—	1	—	1	10	—	11
Total assets	12,422	785	2,851	16,058	10	10	16,058
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	5,162	38	28	5,228	—	—	5,228
Accrued salaries and other benefits	626	102	—	728	—	—	728
Due to Treasurer - City of St. Louis	—	645	—	645	644	—	1
Due to other funds	6,696	—	—	6,696	—	644	7,340
Total liabilities	12,484	785	28	13,297	644	644	13,297
Fund balances:							
Nonspendable	—	—	1	1	—	—	1
Restricted	—	—	2,822	2,822	—	—	2,822
Unassigned	(62)	—	—	(62)	—	—	(62)
Total fund balances	(62)	—	2,823	2,761	—	—	2,761
Total liabilities and fund balances	\$ 12,422	\$ 785	\$ 2,851	\$ 16,058	\$ 644	\$ 644	\$ 16,058

* per audited June 30, 2013 basic financial statements.

** Activities of the SLPD other governmental funds - nonmajor fund were split between general fund government-type activities and special revenue fund activities for the purpose of GASB No. 69 implementation.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table VII:

The Primary government internal service fund - aggregate remaining fund adjusted balance as of June 30, 2013, consisted of the Primary government internal service fund - aggregate remaining fund original balances, a portion of the SLPD government-wide activities as presented in Table I, and any adjustments as follows:

Assets	Primary government Internal service fund - Aggregate remaining fund*	SLPD Government Wide**	Total	Adjustments***		Primary government Internal service fund - Aggregate remaining fund - as adjusted Total
				Debit	Credit	
Current assets:						
Cash and cash equivalents:						
Unrestricted cash and cash equivalents	\$ 3,478	—	3,478	—	—	3,478
Investments:						
Unrestricted investments	117	—	117	—	—	117
Receivables, net of allowances:						
Intergovernmental	1,000	—	1,000	—	—	1,000
Charges for services	10	—	10	—	—	10
Prepaid assets	50	—	50	—	—	50
Due from other funds	5,354	—	5,354	—	—	5,354
Advance from other funds	17,771	—	17,771	—	—	17,771
Total current assets	27,780	—	27,780	—	—	27,780
Noncurrent assets:						
Capital assets:						
Property, plant, and equipment	112	—	112	—	—	112
Less accumulated depreciation	(74)	—	(74)	—	—	(74)
Total noncurrent assets	38	—	38	—	—	38
Total assets	27,818	—	27,818	—	—	27,818
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	287	—	287	—	—	287
Claims payable	26,104	14,795	40,899	—	—	40,899
Total current liabilities	26,391	14,795	41,186	—	—	41,186
Total liabilities	26,391	14,795	41,186	—	—	41,186
Net Position						
Net investments in capital assets	39	—	39	—	—	39
Unrestricted	1,388	(14,795)	(13,407)	—	—	(13,407)
Total net position	\$ 1,427	(14,795)	(13,368)	—	—	(13,368)

* per audited June 30, 2013 basic financial statements.

** Activities of the SLPD - government-wide statements were split between government-wide statements and internal service fund activities for the purpose of GASB No. 69 implementation.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Table VIII:

The Primary government fiduciary fund – agency funds adjusted balance as of June 30, 2013, consisted of the Primary government fiduciary fund – agency funds original balance, all of the SLPD agency fund, and any adjustments as follows:

	Primary government Agency funds*	SLPD Agency funds*	Total	Adjustments***		Primary government Fiduciary fund - Agency funds, as adjusted Total
				Debit	Credit	
Assets						
Cash and cash equivalents - unrestricted	\$ 23,906	1,591	25,497	—	—	25,497
Cash and cash equivalents - restricted	1,729	—	1,729	—	—	1,729
Investments - unrestricted	—	2,350	2,350	—	—	2,350
Receivables, net of allowances:						
Taxes	21,498	—	21,498	—	—	21,498
Other	1,295	—	1,295	—	—	1,295
Total assets	<u>48,428</u>	<u>3,941</u>	<u>52,369</u>	<u>—</u>	<u>—</u>	<u>52,369</u>
Liabilities						
Accounts payable and accrued liabilities	1,565	—	1,565	—	—	1,565
Deposits held for others	17,569	190	17,759	—	—	17,759
Due to other governmental agencies	29,294	3,751	33,045	—	—	33,045
Total liabilities	<u>48,428</u>	<u>3,941</u>	<u>52,369</u>	<u>—</u>	<u>—</u>	<u>52,369</u>

* per audited June 30, 2013 basic financial statements.

*** Per GASB No. 69 adjustments are made to align methods of accounting and to eliminate certain transactions between the Primary government and SLPD.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

3. DEPOSITS AND INVESTMENTS

a. Primary Government

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2014:

As the investment strategies and associated risks for the Firemen's System, the Firefighter's Plan, the Police System, and the Employees' System are substantially different than those of the remainder of the primary government, the deposit and investment disclosures for the Firemen's System, Firefighters' Plan Police System, and Employees' System are presented separately from those of the remainder of the primary government.

	<u>Cash and Cash and Equivalents</u>	<u>Investments</u>	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
Government-wide statement of net position	\$ 189,371	35,111	89,847	209,775	524,104
Fiduciary statement of fiduciary net position —agency funds	<u>24,285</u>	<u>245</u>	<u>1,762</u>	<u>—</u>	<u>26,292</u>
Total primary government excluding pension trust funds	<u>213,656</u>	<u>35,356</u>	<u>91,609</u>	<u>209,775</u>	<u>550,396</u>
Fiduciary statement of fiduciary net position —pension trust funds:					
Firemen's System	4,242	470,886	—	—	475,128
Firefighter's Plan	1,505	—	—	—	1,505
Police System	7,367	699,724	—	—	707,091
Employees' System	<u>288</u>	<u>729,368</u>	<u>—</u>	<u>—</u>	<u>729,656</u>
Total pension trust funds	<u>13,402</u>	<u>1,899,978</u>	<u>—</u>	<u>—</u>	<u>1,913,380</u>
Total primary government	<u>\$ 227,058</u>	<u>1,935,334</u>	<u>91,609</u>	<u>209,775</u>	<u>2,463,776</u>

1) Primary Government Excluding Pension Trust Funds

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end, as reported by the respective investment custodian.

Certificates of deposit are defined as investments for statement of net position/balance sheet/statement of fund net position classification and cash flow purposes; for custodial risk disclosure; however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash on the statement of net position /balance sheet/statement of fund net position, but as investments for custodial risk disclosure.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

As of June 30, 2014, the primary government (excluding the pension trust funds) had the following cash deposits and investments:

Federal National Mortgage Association	\$	37,772
Federal Home Loan Mortgage Corp.		42,619
Federal Home Loan Bank		99,865
Federal National Mortgage Pool		2,511
United States Treasuries		60,513
Government Backed Trusts		1,048
Commercial Paper		30,354
Money Market Mutual Funds		63,149
Certificates of Deposit		805
Other Cash Deposits		211,760
	\$	550,396

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the U.S. Government or any agency or instrumentality thereof; bonds of the State, the City, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

Additionally, the City's indentures with its bond trustees also permit City bond proceeds to be invested in commercial paper having an original maturity of 270 days or less and rated "A-1" or better by Standard & Poor's Corporation and "P-1" by Moody's Investors Service, money market funds rated "AAAM" or "AAAM-G" by Standard & Poor's Corporation, and other obligations fully and unconditionally guaranteed by the U.S. Government. These investments, while permitted by the indentures with the bond trustees, are not permitted by the Investment Policy for the City of St. Louis, Missouri (Investment Policy).

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of the bond issue.

The investments of the primary government (excluding the pension trust funds) had the following maturities on June 30, 2014:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Federal National					
Mortgage Association	\$ 37,772	19,433	18,339	—	—
Federal Home Loan					
Mortgage Corp.	42,619	31,731	10,888	—	—
Federal Home Loan Bank	99,865	39,301	60,564	—	—
Federal National Mortgage					
Pool	2,511	2,511	—	—	—
United States Treasuries	60,513	2,616	57,897	—	—
Government Backed					
Trusts	1,048	1,048	—	—	—
Commercial Paper	30,354	30,354	—	—	—
Money Market Mutual					
Funds	63,149	63,149	—	—	—
	<u>\$ 337,831</u>	<u>190,143</u>	<u>147,688</u>	<u>—</u>	<u>—</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Investment Policy provides that investments of the City be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

The investments of the primary government (excluding the pension trust funds) were rated as follows by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service as of June 30, 2014:

	Fair Value	AAA	A-1+	AA+	A-1	Not Rated
Federal National						
Mortgage Association	\$ 37,772	—	16,192	21,580	—	—
Federal Home Loan						
Mortgage Corp.	42,619	—	—	35,296	—	7,323
Federal Home Loan Bank	99,865	—	7,239	92,127	—	499
Federal National Mortgage						
Pool	2,511	—	—	—	—	2,511
United States Treasuries*	60,513	—	—	—	—	60,513
Government Backed						
Trusts	1,048	—	—	1,048	—	—
Commercial Paper	30,354	—	9,827	—	20,527	—
Money Market Mutual						
Funds	63,149	63,149	—	—	—	—
	<u>\$ 337,831</u>	<u>63,149</u>	<u>33,258</u>	<u>150,051</u>	<u>20,527</u>	<u>70,846</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

*The City's investments in United States Treasuries are explicitly guaranteed by the United States government and therefore do not require a rating.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. Custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the United States or an agency or instrumentality of the United States, bonds of the State or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2014, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: \$16,767 of Federal National Mortgage Association securities, \$5,910 of Federal Home Loan Mortgage Corporation securities, and \$36,525 Federal Home Loan Bank securities. All remaining City investments and collateral securities pledged against City deposits are held by the counterparty's trust department or agent in the City's name.

Concentration of Credit Risk

The Investment Policy provides that, with the exception of U.S. Treasury Securities and Other Cash Deposits, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

At June 30, 2014, the concentration of the City's deposits and investments was as follows:

Federal National Mortgage Association	6.86%
Federal Home Loan Mortgage Corp.	7.74
Federal Home Loan Bank	18.15
Federal National Mortgage Pool	0.46
United States Treasuries	10.99
Government Backed Trusts	0.19
Commercial Paper	5.52
Money Market Mutual Funds	11.47
Certificates of Deposit	0.15
Other Cash Deposits	38.47
	100.00%
	100.00%

2) Primary Government—Pension Trust Fund—Firemen's System

As of September 30, 2013, the Firemen's System had the following cash deposits and investments:

Common stock	\$	209,251
Collective investment—equity		54,143
Limited partnership units		24,740
Hedge funds—equity		40,889
Collective investment—bonds		64,650
Corporate Bonds		19,268
Real estate investment trust		52,613
Money market funds		5,332
Other cash deposits		4,242
	\$	475,128
		475,128

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date.

The Firemen's System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Firemen's System's development and continual monitoring of sound investment policies. The investment maturities, credit rating by investment, and foreign currency exposures by asset class schedules are presented to provide an illustration of the Firemen's System's current level of exposure to various risks.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The following schedule provides a summary of the fixed income investment maturities by investment category, which helps demonstrate the current level of interest rate risk assumed by the Firemen's System as of September 30, 2013:

	Fair value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Collective investment – bonds	\$ 64,650	711	23,235	32,297	8,407
Corporate bonds	19,268	340	4,098	14,747	83
	<u>\$ 83,918</u>	<u>1,051</u>	<u>27,333</u>	<u>47,044</u>	<u>8,490</u>

The Firemen's System's fixed income investments level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2013:

Credit Rating Level	Total	Collective investment	Corporate Bonds
AAA	\$ 33,391	33,391	—
AA	4,857	4,857	—
A	11,776	11,776	—
BBB	12,440	12,324	116
BB	6,348	493	5,855
B	11,993	259	11,734
Not Rated	3,113	1,550	1,563
	<u>\$ 83,918</u>	<u>64,650</u>	<u>19,268</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Firemen’s System’s policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio’s foreign currency exposure. The following table demonstrates the Firemen’s System’s current level of foreign currency exposure as of September 30, 2013:

	<u>Money market</u>	<u>Equities</u>	<u>Fixed income</u>	<u>Hedge fund</u>	<u>Real estate investment trust</u>	<u>Total</u>
Australian Dollar	\$ —	2,168	—	—	—	2,168
British Pound Sterling	—	12,584	—	—	—	12,584
Canadian Dollar	—	1,011	—	—	—	1,011
Danish Krone	—	1,605	—	—	—	1,605
Euro	—	25,285	—	—	—	25,285
Hong Kong Dollar	—	1,805	—	—	—	1,805
Japanese Yen	—	6,971	—	—	—	6,971
Singapore Dollar	—	924	—	—	—	924
South Korean Won	—	1,297	—	—	—	1,297
Swedish Krona	—	902	—	—	—	902
Swiss Franc	—	7,630	—	—	—	7,630
Total foreign currency	—	62,182	—	—	—	62,182
U.S. Dollar	5,332	225,952	83,918	40,889	52,613	408,704
Total	\$ 5,332	288,134	83,918	40,889	52,613	470,886

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Firemen’s System’s minimum credit quality rating for each issue shall be “BBB” (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. The fixed income portfolio should have an average quality rating of at least “A” (or its equivalent). Commercial paper issues must be rated at least “A1” (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. In the event of a downgrade below investment grade by any rating agency, the investment manager is required to notify the Board and investment consultant as soon as possible and to refrain from any further investment in the downgraded issue.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the investment manager’s broad market benchmark.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Firemen’s System’s investment in a single issuer. The Firemen’s System’s policy does not allow the concentration per issuer to exceed 5% of the portfolio’s market value at cost, with the exception of cash, cash equivalents, U.S. Treasury, or U.S. Agency securities. Furthermore, the investment manager may not hold more than 5% of the outstanding shares of any single issuer with exception of U.S.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Treasuries or Agencies. Investment in any single fund of hedge funds shall not exceed 10% of the fund's market value. It is the Firemen's System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset class as a percent of total assets			
Asset class	Minimum	Target mix	Maximum
Domestic equity:			
Large cap	13%	18%	23%
Small cap	3	8	13
International equities	19	24	29
Fixed Income	20	25	30
Real estate trust	10	15	20
Hedge fund	5	10	15

Liquidity risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled for the following investments:

EnTrust Capital Diversified Fund QP, Ltd. (Hedge Fund)
Magnitude Institutional, LLC Class A (Hedge Fund)
The Principle U.S. Property Account (REIT)
Select Investment Institutional Multi-Strategy Ltd. Series R 0409 Fund (Hedge Fund)

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firemen's System at September 30, 2013 are as follows:

Aberdeen Core Plus Fixed Income Portfolio	\$	56,755
The Principal US Property Account		52,613
Acadian International Small Cap Fund		27,299
Brandes Investment Trust Emerging Markets Fund		26,843

The Firemen's System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Firemen's System transfers possession—but not title—of the security to the borrower. Borrowers shall be rated AA, A, or higher by Moody's or Standard & Poor's. Collateral consisting of cash, letter of credit, U.S. government or agency securities, or floating rate notes of U.S. issuers is received and held by a financial institution. The collateral maintained is at least 102% of loan value for domestic securities and 105% of loan value for international securities of the market value of the securities lent. The Firemen's System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Firemen's System continues to earn income on the loaned security. In addition, the Firemen's System receives 70% of the net lending fees generated by each loan of securities. The financial institution indemnifies operation risk and counter party risk. The Firemen's System authorizes the lending and loans of the following: domestic securities, U.S. Treasuries, corporate bonds, and equities. The Firemen's System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. At September 30, 2013,

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

\$54,888 in loans were outstanding to borrowers. The Firemen’s System earned income of \$205 for its participation in the securities lending program for the year ended September 30, 2013.

2) Primary Government—Pension Trust Fund—Firefighter’s Plan

As of September 30, 2013, the Firefighter’s Plan had the following cash deposits:

Other cash deposits	\$	<u>1,505</u>
---------------------	----	--------------

3) Primary Government—Pension Trust Fund—Police System

As of September 30, 2013, the Police System had the following cash deposits and investments:

Equities:		
Common stock	\$	144,234
Collective investment funds		275,080
Real estate securities fund		26,552
Mortgaged-backed securities-government		3,716
Mortgaged-backed securities-non-government		12,887
Fixed income collective investment fund		92,715
Corporate bonds		45,401
Hedge funds		28,173
Government securities		14,600
Short-term notes		3,700
Money market funds		45,626
Investment property		1,184
Partnership interest		5,856
Other cash deposits		<u>7,367</u>
	\$	<u><u>707,091</u></u>

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date. Investment property is reported at estimated fair value as determined by an independent real estate appraisal of the property.

The Police System’s investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Police System’s development and continual monitoring of sound investment policies. The investment maturities, credit rating by investment, and foreign currency exposures by asset class schedules are presented below to provide an illustration of the Police System’s current level of exposure to various risks.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The following schedule provides a summary of the fixed income investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Police System as of September 30, 2013:

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
Mortgaged-backed securities – government	\$ 3,716	1	538	47	3,130
Mortgaged-backed securities – nongovernment	12,887	—	2,423	918	9,546
Collective investment funds	92,715	17,606	43,763	21,695	9,651
Corporate bonds	45,401	2,422	28,879	13,142	958
Government Securities	14,600	—	7,507	7,027	66
Short-term notes	3,700	3,700	—	—	—
	<u>\$ 173,019</u>	<u>23,729</u>	<u>83,110</u>	<u>42,829</u>	<u>23,351</u>

The Police System’s fixed income investments current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2013:

Credit rating level	Total	Government mortgage-backed securities	Nongovernment mortgage-backed securities	Collective investment funds	Corporate bonds	Government securities	Short-term notes
AAA	\$ 57,981	3,716	2,476	44,121	845	3,123	3,700
AA	29,995	—	1,203	12,296	6,333	10,163	—
A	71,794	—	4,708	36,298	30,624	164	—
BBB	6,365	—	—	—	6,365	—	—
BB	123	—	123	—	—	—	—
CCC	895	—	895	—	—	—	—
CC	225	—	225	—	—	—	—
Not Rated	5,641	—	3,257	—	1,234	1,150	—
	<u>\$ 173,019</u>	<u>3,716</u>	<u>12,887</u>	<u>92,715</u>	<u>45,401</u>	<u>14,600</u>	<u>3,700</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Police System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Police System's current level of foreign currency exposure as of September 30, 2013:

	<u>Equities</u>	<u>Fixed Income</u>	<u>Money Market</u>	<u>Hedge Funds of Funds</u>	<u>Investment Property and Partnership</u>	<u>Total</u>
Australian Dollar	\$ —	497	—	—	—	497
British Pound Sterling	1,746	1,126	—	—	—	2,872
Canadian Dollar	1,775	2,503	—	—	—	4,278
Euro	912	2,614	—	—	—	3,526
Indian Rupee	658	—	—	—	—	658
Israeli Shekel	166	—	—	—	—	166
Japanese Yen	—	286	—	—	—	286
Swiss Franc	1,129	721	—	—	—	1,850
Total foreign currency	6,386	7,747	—	—	—	14,133
U.S. Dollar	439,480	165,272	45,626	28,173	7,040	685,591
Total	\$ 445,866	173,019	45,626	28,173	7,040	699,724

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fixed Income Portfolio must have an average rating of "A" or better in the aggregate as measured by at least one credit rating service. In cases where the yield spread adequately compensates for additional risk, securities rated lower than "A" may be purchased, provided overall fixed income quality is maintained. All issues will be of investment grade quality (BBB or Baa rated) or higher at the time of purchase. Up to 15% of the total market value of fixed income securities may be invested in BBB or Baa rated securities. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the investment manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The investment manager has the responsibility of notifying the Board of Trustees through their designee whenever an issue falls below investment grade.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The average effective duration of the aggregate portfolio, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus one year of the duration of the respective investment manager's benchmark index.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Police System's investment in a single issuer. It is the Police System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset class as a percent of total assets			
Asset class	Minimum	Target mix	Maximum
Fixed income	25%	28%	31%
Domestic Equities:			
Large Cap	17	21	25
Small Cap	4	5	6
Foreign equities:			
Non-U.S. developing markets	20	26	32
Emerging markets	4	7	10
Non-Directional Hedge Funds			
of Funds	3	4	5
Real Estate Equities	3	4	5
Private equity	—	4	8
Other	—	1	5

Liquidity risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled for the following investments:

EnTrust Capital Diversified Fund QP, Ltd.
GAM US Institutional Diversity, Inc.
Falcon E&P Opportunities Fund, L.P.
Bank of New York Mellon EB Global Real Estate Securities Fund
Wellington Trust Company International Opportunities Fund

Investments which exceed 5% or more of net assets held in trust for pension benefits for the Police System are as follows:

Collective funds:	
Trilogy International Group Trust I	92,639
J.P. Morgan CB Emerging Market Equity Focused Fund	43,255
Wellington Trust Company International Opportunities Fund	87,653
MFB Daily S&P 500 Equity Index Fund	51,533

The Police System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Police System transfers possession—but not title—of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by a financial institution. The broker/dealer collateralizes their borrowing (usually in cash) to 102% of the security value plus accrued interest, and this collateral is adjusted daily to maintain the 102% level. The Police System maintains all the rights in the

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

collateral of a secured lender under the Uniform Commercial Code. The Police System continues to earn income on the loaned security. In addition, the Police System receives 70% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 30% of the net lending fees as compensation for its services provided in the securities lending program. The financial institution indemnifies operational risk and counterparty risk. The Police System authorizes the lending of domestic securities, U.S. Treasuries, corporate bonds, and equities. The Police System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. Outstanding loans to borrowers at September 30, 2013 were \$54,225. The Police System earned income of \$229 for its participation in the securities lending program for the year ended September 30, 2013.

4) Primary Government—Pension Trust Fund—Employees’ System

As of September 30, 2013, the Employees’ System had the following cash deposits and investments:

Common stocks	\$	186,925
Managed international equity funds		180,024
Managed master limited partnerships		51,378
Bonds		81,059
Domestic bond funds		74,875
Real estate funds		73,540
Temporary cash investments		9,192
Managed hedge fund of funds		72,375
Other cash deposits		288
	\$	<u>729,656</u>

Investments are reported at fair market value. Securities traded on a national or international exchange funds are valued at the unit value quoted by the investee entity. Security transactions and any resulting realized gains or losses are accounted for on a completed transaction basis. Commingled funds are valued at the unit value quoted by the investee entity based on the underlying asset values. Real estate funds and other managed funds are valued based on valuations of underlying investments as reported by fund managers.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Foreign Currency Risk

The Employees' System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The Employees' System's exposure to foreign currency risk is presented on the following table:

	<u>Short-term</u>	<u>Debt</u>	<u>Total</u>
British Pound	\$ 31	1,832	1,863
Brazilian Real	16	328	344
Australian Dollar	26	1,235	1,261
Canadian Dollar	14	843	857
Euros	153	7,125	7,278
Japanese Yen	55	3,845	3,900
Total	<u>\$ 295</u>	<u>15,208</u>	<u>15,503</u>

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation to the Employees' Retirement System. Below is a list of fixed income credit quality ratings:

<u>Quality rating</u>	
Aaa/U.S. Governments	\$ 87,375
Aa	11,294
A	20,825
Baa	20,729
Below Baa	17,290
Not Rated	724
Total	<u>\$ 158,237</u>

All temporary cash investments held by the Employees' Retirement System at September 30, 2013 were unrated.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Interest Rate Risk

The Employees' System does not have a formal policy to limit interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of an investment. Duration is a measure of debt instrument's exposure to a change in interest rate and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows, weighted for those cash flows as a percentage of the instrument's full price.

Investment	Fair value	Effective duration
Payden and Rygel	\$ 29,858	5.71 years
Allegiant (PNC)	53,504	5.24 years
SSGA	31,712	5.49 years
Loomis	24,127	5.30 years
Vanguard	19,036	7.97 years
	<u>\$ 158,237</u>	

The Employees' System participates in a securities lending program administered by a financial institution. Brokers who borrow the securities provide collateral, usually in the form of cash valued at 102% for domestic securities loaned, resulting in no credit risk for the system. At September 30, 2013, the term to maturity of the securities on loan is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. The Employees' System cannot pledge or sell non-cash collateral unless the borrower defaults. As of September 30, 2013, the Employees' System has lending arrangements outstanding with a market value for securities lent of \$3,503.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Concentration of Credit Risk

At September 30, 2013, the Employees' System has the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization, that represent five percent or more of total investments to the Employees' System:

Acadian Asset Management		
Emerging Market Fund	\$	47,109
CastleArk Management		
U.S. Large Cap Growth Equity		37,531
INTECH Investment Management		
U.S. Large Cap Core Equity		71,649
LSV Asset Management		
U.S. Large Cap Value Equity		37,648
PNC Capital Advisors		
U.S. Broad Market Core Fixed Income		53,504
Principal Global Investors		
Real Estate Group Annuity Contract		73,540
Silchester International Advisors		
International Value Equity Group Trust		70,248
Walter Scott & Partners		
International Growth Equity Group Trust		38,553

b. Component Unit—SLDC

State statutes and SLDC investment policies are the same as for the primary government. SLDC funds, in the form of cash on deposit or certificates of deposit, are required to be insured or collateralized by authorized investments held in SLDC's name. At June 30, 2014, all of SLDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in SLDC's name. At June 30, 2014, the market value of investments approximated the carrying value of \$182.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

4. RECEIVABLES, NET

	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Charges for Services</u>	<u>Notes and Loans</u>	<u>Insurance Recovery</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental activities:							
General fund	\$ 99,481	3,423	3,773	—	—	3,085	109,762
Capital projects fund	4,298	1,760	33	—	—	196	6,287
Grants fund	—	4,491	—	—	—	—	4,491
Other governmental funds	46,498	634	1,900	—	—	462	49,494
Total governmental activities	<u>\$ 150,277</u>	<u>10,308</u>	<u>5,706</u>	<u>—</u>	<u>—</u>	<u>3,743</u>	<u>170,034</u>
Business-type activities:							
Airport	\$ —	1,487	7,072	—	2,800	2,613	13,972
Water Division	—	—	10,927	—	—	—	10,927
Parking Division	—	—	162	—	—	—	162
Total business-type activities	<u>\$ —</u>	<u>1,487</u>	<u>18,161</u>	<u>—</u>	<u>2,800</u>	<u>2,613</u>	<u>25,061</u>

All amounts are scheduled for collection during the subsequent fiscal year.

5. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts, which has been deducted from the related receivable in the government-wide statement of net position and fund financial statements, consists of the following balances:

Governmental activities:	
Taxes receivable—general fund	\$ 1,202
Taxes receivable—other governmental funds	129
License and permits receivable—general fund	25
Charges for services receivable—general fund	1,960
Charges for services receivable—other governmental funds	86
Business-type activities:	
Charges for services receivable—Airport	95
Charges for services receivable—Water Division	3,361
	<u>\$ 6,858</u>

6. COMPONENT UNIT—SLDC RECEIVABLES

SLDC notes and loans receivable consist principally of small business loans made to facilitate business growth. The commercial loans are primarily financed utilizing funds provided by the Community Development Administration (CDA) of the City, Economic Development Administration, Environmental Protection Agency, and the State. The proceeds from any repayment of these loans are generally payable back to the funding source or re-loaned in accordance with the lending program. Grantor funds received for these lending programs are recorded as a liability.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

7. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2014:

Airport bond fund:	
Debt service account	\$ 58,357
Debt service reserve account	38,396
Airport renewal and replacement fund	3,500
Passenger facility charge fund	28,488
Airport debt service stabilization fund	38,211
Airport construction fund	17,999
Drug enforcement agency funds	1,965
	\$ 186,916
	\$ 186,916

Bond provisions require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority, and as applicable:

- 1) *Unrestricted Airport Operation and Maintenance Fund*: an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
- 2) *Airport Bond Fund*: for credit to the Debt Service Account, if and to the extent required, so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.
- 3) *Airport Bond Fund*: for credit to the Debt Service Reserve Account: an amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the Debt Service Account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to pay fully all outstanding bonds.
- 4) *Arbitrage Rebate Fund*: an amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.
- 5) *Subordinated Indebtedness*: an amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.
- 6) *Airport Renewal and Replacement Fund*: an amount equal to \$57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than \$3,500 or such larger amount as the City shall determine is necessary for purposes of said fund; and provided further that, if any such monthly allocation to said fund shall

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.

- 7) *A sub-account in the Airport Revenue Fund:* an amount determined from time-to-time by the City, such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such sub-account shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this sub-account may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.
- 8) *Airport Debt Service Stabilization Fund and the Airport Development Fund:* various amounts for fiscal years 2006 through 2011, achieved a balance of \$38,211 at the end of fiscal year 2011. Beginning in fiscal year 2012, the Airport will allocate an amount sufficient to bring the amount on deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).
- 9) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

Bond provisions provide that, in the event the sums on deposit in the Airport Bond Fund—Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. Bond provisions also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in the related bond provisions and City ordinances.

Passenger Facility Charge Fund and Drug Enforcement Agency Funds are restricted in accordance with program agreements.

b. Water Division

Cash restricted in accordance with bond provisions and City ordinances at June 30, 2014 is as follows:

Bond funds:		
Waterworks bond fund	\$	3,862
Water replacement and improvement account		750
Total bond funds		4,612
Customer deposits		1,800
Total restricted cash	\$	6,412

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Bond fund provisions require that revenues derived from the operation of the Waterworks System be deposited in the Waterworks Revenue Account. From this account, the following allocations are made on the first business day of each month in the following order of priority:

Series 2011 Water Revenue Refunding Bond Funds

1. To the unrestricted *Waterworks Operations and Maintenance Fund*, an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
2. To the *Waterworks Bond Fund*, an amount at least equal to 1/6 of the amount of interest that will come due on the next interest payment date, plus an amount at least equal to 1/12 of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.
3. To the *Water Revenue Debt Service Reserve Account*, a sum equal to the Debt Service Reserve Fund Requirement or a debt service reserve fund policy or a surety bond shall be provided by a Bond Insurer in such amount or a letter of credit shall be provided by a bank acceptable to the City in such amount. All amounts paid and credited to this account shall be used solely to prevent any default in the payment of the principal of and interest on the Bonds.
4. To the *Water Replacement and Improvement Fund*, an amount equal to \$25 per month until the account balance aggregates \$750. This account shall be used for making replacements, extensions, and improvements to the Waterworks System, and for the purpose of meeting unforeseen contingencies and emergencies arising in the operation of the Waterworks System of the City.
5. The remaining balance in the *Waterworks Revenue Fund* is deposited into the unrestricted Water Contingent Fund. This money shall be used for paying the cost of the operation, maintenance, and repair of the Waterworks System; paying the cost of extending, improving, or making replacements to the Waterworks System; preventing default in, anticipating payments into, or increasing the amounts in the other accounts; paying any gross receipts tax now or hereafter levied by the City; paying the principal or the interest on any subordinate or junior lien bonds; paying any redemption premium due on the bonds; or any other lawful purpose for use by the Waterworks System.

Series 2013 Water Revenue Bond Funds

To the *Waterworks Bond Fund*, an amount at least equal to the calculated ¼ amount of interest that will come due on the next interest payment date, plus an amount at least equal to ¼ of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

c. Parking Division

Cash and investments restricted in accordance with bond indentures at June 30, 2014 are as follows:

Series 2013A bonds:	
Debt service account	85
Series 2013A project account	63
Total series 2013A bonds	148
Series 2007 and 2006 bonds:	
Debt service reserve	\$ 4,892
Debt service	1,307
Repair and replacement	3,580
Net project revenues	125
Parking trust—Parking Division accounts	1,910
Total series 2007 and 2006 bonds	11,814
Series 2003A and 2003B bonds:	
Gross revenues	83
Bond	156
Repair and replacement	21
Operating reserve	100
Redemption	40
Total series 2003A and 2003B bonds	400
Total restricted cash and investments	\$ 12,362

Descriptions of the funds required by the Series 2013A Subordinated Bond Indentures are as follows:

- 1) *Debt service account* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Series 2013A project account* – Maintains funds used to fund the debt service account.

Descriptions of the funds required by the Series 2007 and 2006 Bond Indentures are as follows:

- 1) *Debt service reserve* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Debt service* – Moneys deposited into this account pay principal and accrued and unpaid interest on the respective bonds.
- 3) *Net project revenues* – Maintains funds used to fund the debt service account.
- 4) *Argyle TIF revenues* – Argyle TIF revenues are used for the payment of debt service on the Series 2006 Bonds.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

- 5) *Parking trust* – Parking Division accounts—Maintains funds transferred from the respective bond account to be available to pay principal and interest on the respective refunded bonds if other funds are not available.
- 6) *Repair and replacement* – Provides for the repair and upkeep of parking garages.

Descriptions of the funds required by the Series 2003A and 2003B Bond Indenture are as follows:

- 1) *Gross revenues* – Maintains revenues resulting from the operations of the Cupples Garage and uses these to pay the operating and debt service costs associated with the Cupples Garage.
- 2) *Bond* – Moneys deposited into this account pay principal and accrued and unpaid interest on the Series 2003A and 2003B bonds.
- 3) *Repair and replacement* – Provides for the repair and upkeep of the Cupples Garage.
- 4) *Operating reserve* – Maintains operating reserve as required by the Bond Indenture.
- 5) *Redemption* – Maintains funds set aside for the future redemption of the Series 2003A and 2003B bonds.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

8. CAPITAL ASSETS

a. Primary Government

The following is a summary of changes in capital assets—governmental activities for the year ended June 30, 2014:

	<u>Primary government June 30, 2013*</u>	<u>SLPD June 30, 2013*</u>	<u>Primary government Balance as adjusted June 30, 2013**</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Primary government Balance June 30, 2014</u>
Governmental activities:							
Capital assets not being depreciated:							
Land	\$ 78,130	2,074	80,204	49	(8)	—	80,245
Construction in progress	18,543	4,023	22,566	14,685	—	(8,397)	28,854
Equipment in progress	12,577	—	12,577	414	—	(12,175)	816
Works of art	3,467	—	3,467	421	—	(462)	3,426
Intangibles	519	566	1,085	—	—	—	1,085
Total capital assets not being depreciated	<u>113,236</u>	<u>6,663</u>	<u>119,899</u>	<u>15,569</u>	<u>(8)</u>	<u>(21,034)</u>	<u>114,426</u>
Capital assets being depreciated:							
Buildings	584,916	42,412	627,328	5,002	(18)	2,180	634,492
Improvements other than buildings	86,942	—	86,942	2,160	—	395	89,497
Equipment	116,636	33,357	149,993	7,522	(5,640)	12,175	164,050
Infrastructure	630,524	—	630,524	6,669	—	5,822	643,015
Intangibles	275	710	985	297	—	462	1,744
Total capital assets being depreciated	<u>1,419,293</u>	<u>76,479</u>	<u>1,495,772</u>	<u>21,650</u>	<u>(5,658)</u>	<u>21,034</u>	<u>1,532,798</u>
Less accumulated depreciation for:							
Buildings	193,846	21,921	215,767	15,880	(1)	—	231,646
Improvements other than buildings	30,847	—	30,847	1,950	—	—	32,797
Equipment	72,608	27,594	100,202	9,656	(5,327)	—	104,531
Infrastructure (add streets)	385,115	—	385,115	28,716	—	—	413,831
Intangibles	56	277	333	249	—	—	582
Total accumulated depreciation	<u>682,472</u>	<u>49,792</u>	<u>732,264</u>	<u>56,451</u>	<u>(5,328)</u>	<u>—</u>	<u>783,387</u>
Total capital assets being depreciated, net	<u>736,821</u>	<u>26,687</u>	<u>763,508</u>	<u>(34,801)</u>	<u>(330)</u>	<u>21,034</u>	<u>749,411</u>
Governmental activities capital assets, net	<u>\$ 850,057</u>	<u>33,350</u>	<u>883,407</u>	<u>(19,232)</u>	<u>(338)</u>	<u>—</u>	<u>863,837</u>

* per audited June 30, 2013 basic financial statements.

** see note 2.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Construction in progress consists primarily of convention center renovations and street and bridge projects. Equipment in progress consists of communication equipment being prepared for its intended use.

The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2014. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Business-type activities:					
Combined:					
Capital assets not being depreciated:					
Land	\$ 775,658	89	—	—	775,747
Construction-in-progress	91,475	31,419	(757)	(58,088)	64,049
Infrastructure	—	6	—	—	6
Intangibles	3,506	—	—	—	3,506
Total capital assets not being depreciated	<u>870,639</u>	<u>31,514</u>	<u>(757)</u>	<u>(58,088)</u>	<u>843,308</u>
Capital assets being depreciated:					
Buildings and structures	650,680	8	—	40,413	691,101
Equipment	97,832	3,431	(1,007)	76	100,332
Pavings	990,503	—	—	16,942	1,007,445
Parking meters and lot equipment	7,519	—	—	—	7,519
Reservoirs	34,513	—	—	—	34,513
Boiler plant equipment	661	—	—	—	661
Pumping equipment	10,923	—	—	—	10,923
Purification basins and equipment	43,679	—	—	—	43,679
Water mains, lines, and accessories	126,531	3,098	(139)	657	130,147
Motor vehicle equipment	8,697	1,275	(926)	—	9,046
Total capital assets being depreciated	<u>1,971,538</u>	<u>7,812</u>	<u>(2,072)</u>	<u>58,088</u>	<u>2,035,366</u>
<i>Less accumulated depreciation for:</i>					
Buildings and structures	385,063	19,029	—	—	404,092
Equipment	69,064	4,344	(846)	—	72,562
Pavings	404,461	30,674	—	—	435,135
Parking meters and lot equipment	6,465	300	—	—	6,765
Reservoirs	11,299	665	—	—	11,964
Boiler plant equipment	641	3	—	—	644
Pumping equipment	8,950	233	—	—	9,183
Purification basins and equipment	16,540	928	—	—	17,468
Water mains, lines, and accessories	57,900	1,626	(97)	—	59,429
Motor vehicle equipment	6,515	364	(901)	—	5,978
Total accumulated depreciation	<u>966,898</u>	<u>58,166</u>	<u>(1,844)</u>	<u>—</u>	<u>1,023,220</u>
Total capital assets being depreciated, net	<u>1,004,640</u>	<u>(50,354)</u>	<u>(228)</u>	<u>58,088</u>	<u>1,012,146</u>
Business-type activities capital assets, net	<u>\$ 1,875,279</u>	<u>(18,840)</u>	<u>(985)</u>	<u>—</u>	<u>1,855,454</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Construction-in-progress consists primarily of various improvements at the Airport to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed, and various improvements to the waterworks system.

Within the statement of activities, depreciation expense is charged to functions of the primary government as follows:

Governmental activities:

General government	\$	6,142
Convention and tourism		5,586
Parks and recreation		5,190
Judicial		304
Streets		31,713
Public safety:		
Fire		2,287
Police		3,791
Other		634
Health and welfare		317
Public service		487
Total depreciation expense, governmental activities	\$	56,451

Business-type activities:

Airport	\$	50,269
Water Division		5,242
Parking Division		2,655
Total depreciation expense, business-type activities	\$	58,166

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

b. Component Unit—SLDC

The following is a summary of changes in SLDC capital assets for the period ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 4,914	—	—	4,914
Construction in Progress	18,135	1,620	(19,755)	—
Total capital assets not being depreciated	<u>23,049</u>	<u>1,620</u>	<u>(19,755)</u>	<u>4,914</u>
Capital assets being depreciated:				
Leasehold improvements	3,000	19,755	—	22,755
Equipment	713	—	—	713
Parking facilities	19,124	644	(52)	19,716
Total capital assets being depreciated	<u>22,837</u>	<u>20,399</u>	<u>(52)</u>	<u>43,184</u>
Less accumulated depreciation for:				
Leasehold improvements	2,500	700	—	3,200
Equipment	680	16	—	696
Parking facilities	13,407	329	—	13,736
Total accumulated depreciation	<u>16,587</u>	<u>1,045</u>	<u>—</u>	<u>17,632</u>
Total capital assets being depreciated, net	<u>6,250</u>	<u>19,354</u>	<u>(52)</u>	<u>25,552</u>
SLDC capital assets, net	<u>\$ 29,299</u>	<u>20,974</u>	<u>(19,807)</u>	<u>30,466</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

d. Component Unit—SWMDC

The following represents a summary in SWMDC’s capital assets for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets being depreciated:				
Infrastructure	\$ 11,772	311	—	12,083
Total capital assets being depreciated	<u>11,772</u>	<u>311</u>	<u>—</u>	<u>12,083</u>
Less accumulated depreciation for:				
Infrastructure	4,854	388	—	5,242
Total accumulated depreciation	<u>4,854</u>	<u>388</u>	<u>—</u>	<u>5,242</u>
SWMDC capital assets, net	<u>\$ 6,918</u>	<u>(77)</u>	<u>—</u>	<u>6,841</u>

9. COMPONENT UNIT—SLDC PROPERTY HELD FOR DEVELOPMENT

SLDC property held for development consists primarily of land and property held for sale or other development purposes. This land and property is reported in SLDC’s financial statements based on management’s intent of ultimate disposition of the property. Proceeds received upon the sale of most of these properties will revert back to the funding source. A reserve for impairment in the amount of \$8,762 has been established on these properties.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Vendors	Contracts and retainage payable	Total
Governmental activities:			
General fund	\$ 5,426	1	5,427
Capital projects fund	4,245	1,140	5,385
Grants fund	5,319	—	5,319
Other governmental funds	1,852	—	1,852
Internal service	465	—	465
Total governmental activities	<u>\$ 17,307</u>	<u>1,141</u>	<u>18,448</u>
Business-type activities:			
Airport	\$ 15,065	8,796	23,861
Water Division	5,264	—	5,264
Parking Division	112	—	112
Total business-type activities	<u>\$ 20,441</u>	<u>8,796</u>	<u>29,237</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

11. RETIREMENT PLANS

The City contributes to the following defined benefit retirement plans: The Firemen’s System, the Firefighter’s Plan and the Police System, which are single –employer plans. The Employees’ System is a cost-sharing multiple-employer plan. However, due to the City’s participation in the Employees’ System being approximately 90% of the total participation of all employers, the disclosures provided for the Employees’ System are those for a single-employer plan.

Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) and Judge Dierker’s ruling (Board Bill 109) replaced the Firemen’s System with a new retirement system, The Firefighter’s Plan. All other employees are covered by the Employees’ System, a cost-sharing, multiple-employer, public defined benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Each system is administered by a separate board of trustees, who are partially appointed by City officials, plan participants, and the governor of the State (Police System only). For financial reporting purposes, these retirement systems are included as fiduciary pension trust funds of the City. Financial information taken directly from the financial statements, that were audited by other auditors and whose reports have been furnished to us, for these funds has been included within the accompanying basic financial statements as of each System’s fiscal year-end, which falls within the City’s current fiscal year-end as follows:

System	System fiscal year-end
Firemen’s	September 30, 2013
Firefighters’	September 30, 2013
Police	September 30, 2013
Employees’	September 30, 2013

a. Firemen’s Retirement System of St. Louis (Firemen’s System)

1 System Description

The Firemen’s System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen’s Retirement System of St. Louis; 1601 S. Broadway; St. Louis, Missouri, 63104.

The following disclosures are based on the September 30, 2013 financial statements and the October 1, 2013 actuarial valuation. The valuation as of October 1, 2013, reflects the changes attributable to Ordinance #69245 and #69353, and Judge Dierker’s subsequent ruling (Board Bill 109). Key changes to the Firemen’s System is as follows:

- Firemen’s System is frozen as of February 1, 2013. That is, benefits paid from Firemen’s System will be based on the member’s service and salary earned as of February 1, 2013. Participants with benefit service in Firemen’s System are classified as “grandfathered” members.
- Firefighters hired after February 1, 2013, are not members of Firemen’s System.
- Vesting and eligibility service earned after February 1, 2013, in the newly established Firefighter’s Plan will count towards vesting and eligibility service in Firemen’s System.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

- Ancillary benefits, for disability or death occurring after February 1, 2013, are assumed to be paid from the newly established Firefighter's Plan to the extent that benefits do not depend on service earned prior to February 1, 2013.
- Employer contributions to the frozen Firemen's System will continue to be calculated under the Frozen Initial Liability cost method.
- Member contributions after February 1, 2013, from "grandfathered" participants in Firemen's System will be paid to the Firefighter's Plan.
- Grandfathered members with 20 or more years of service as of February 1, 2013, are eligible to retire with unreduced Firefighter's Plan benefits if retirement commences before age 55.
- Grandfathered members with less than 20 years of service as of February 1, 2013, are eligible to retire with actuarially reduced Firefighter's Plan benefits if retirement commences before age 55.

As a result of Board Bill 109, the following assumptions were made:

- Since benefits paid under Firemen's System will no longer depend on future salary increases, future salary increase assumptions have been eliminated in the projection of pay and valuation of benefits. Costs will continue to be spread over the present value of future salary which includes future salary increases.
- It is assumed that grandfathered members with less than 20 years of service as of February 1, 2013 will not retire prior to age 55. The retirement rates were adjusted to reflect accelerated retirement when these members first become eligible at age 55.
- It was assumed the Firemen's System frozen benefit relating to service and pay as of February 1, 2013, will be used to offset post-retirement survivor benefits paid under Firefighter's Plan.
- The overall rates of disability were not changed, but the proportion of ordinary accidental disabilities was changed from 20 percent ordinary and 80 percent accidental to 60 percent ordinary and 40 percent accidental.

Plan liabilities for Firemen's System after Board Bill 109 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80 percent within 10 years.

An agreement between the City and Firemen's System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to Firemen's System from February 1, 2013, to September 30, 2013. Because contributions for this period did not recognize the impact of Board Bill 109, certain excess Firefighter's Plan City contributions will be transferred from Firemen's System to Firefighter's Plan equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution may be credited towards the Firemen's System Entry Age Normal Agreement (Fireman's Retirement EAN Note). The valuation as of October 1, 2013, does not consider any transfer or credit of excess Firemen's System contributions discussed above.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The Firemen’s System, in accordance with Ordinance #62994 of the City, initiated during the Firemen’s System’s fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the DROP account of the member, and the member’s contribution will be reduced to 1% from the normal 8%. During participation in the DROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement, the funds in the member’s DROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

2 Funding Policy

Firefighters contributed 8% of their salary to the Firemen’s System, as mandated per State statute and adopted by City ordinance through February 1, 2013 (date frozen). The City is required to contribute the remaining amounts necessary to fund the Firemen’s System.

3 Funded Status

The funded status of the Firemen’s System as of October 1, 2013, the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial accrued liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL As A percentage of covered payroll</u>
October 1, 2013	\$ 459,116	\$ 459,116	\$ —	100.0%	\$ 34,266	0.0%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

4 Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Firemen's System for the year ended June 30, 2014 are as follows:

Annual required contribution	\$	(21,049)
Interest on net pension asset		3,033
Adjustment to annual required contribution		<u>(3,409)</u>
Annual pension cost		(21,425)
Contributions made		<u>20,999</u>
Increase in net pension asset		(426)
Net pension asset, beginning of year		<u>39,772</u>
Net pension asset, end of year	\$	<u><u>39,346</u></u>

The net pension asset of \$39,346 as of June 30, 2014 is reflected as a net pension asset within governmental activities in the government-wide financial statements.

Historical trend information about the City's participation in the Firemen's System is presented below to help readers assess the Firemen's System's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension asset
2014	\$ 21,425	98%	\$ 39,346
2013	22,987	94	39,772
2012	19,514	118	41,079

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Significant actuarial assumptions used in the valuation of the Firemen’s System are as follows:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Entry age-frozen initial liability method
Amortization method	30 year closed period from establishment
Remaining amortization period	Various
Asset valuation method	3-year smoothed market
Inflation rate	3.0%, per year
Investment rate of return	7.625%, compounded annually
Projected salary increases	None
Projected postretirement benefit increases:	
Under age 60:	
20-24 service years	1.5%, per year
25-29 service years	2.25%, per year
30 or more service years	3.0%, per year
Over age 60	3% with a maximum of 25% in increases after age 60

b. Firefighters’ Retirement Plan (Firefighter’s Plan)

1) System Description

The Firefighter’s Plan administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis firemen.

The Firefighter’s Plan issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Firefighters’ Retirement Plan of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

Effective February 1, 2013, benefit accruals under the Firemen’s System were frozen. The Firefighter’s Plan was established as of that date to provide retirement, disability and death benefits for service rendered after the effective date. Credited service accrued under the Firemen’s System counts toward benefit accruals under the Firefighter’s Plan, but benefits attributable to such services are offset by the benefits payable by the Firemen’s System. Under the Firefighter’s Plan, the plan provisions for members who were active as of February 1, 2013 (Grandfathered Participants) are substantially the same as the plan provisions for the Firemen’s System.

The Firefighter’s Plan provides retirement benefits as well as death and disability benefits. Grandfathered members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

A grandfathered member with 20 or more years of credited service may elect to enter the DROP program and defer retirement for up to five years while continuing active employment. The benefit payments the participant would have received during that period are deposited into the DROP account and earn interest at a rate equal to the percentage rate of return of the Trust Fund's investment portfolio for that year. After five years or termination from the DROP plan, the participant may retire or return to regular active service. Upon termination of employment, the participant can choose to receive the DROP account with interest earned. If the participant dies prior to termination of employment, the DROP account is paid as a lump sum to the participant's beneficiary or estate. Active service while in the DROP program is not included in the credited service used to calculate the participant's final benefit amount.

Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the member, and the member's contributions will be reduced to 1% from the normal contribution percentage. During participation in the DROP, the member will not receive credit for City contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement the funds in the member's DROP account plus: 1) interest and 2) accrued sick leave if elected is available to the member in a lump sum or in installments.

2) Funding Policy

A grandfathered member with at least 20 years of service as of February 1, 2013, contribute 8% of their salary, after-tax. All other members contribute 9% of their salary, pre-tax. The City is required to contribute the remaining amounts necessary to fund Firefighter's Plan. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered members who terminate employment before completing 20 years of service. Contributions to the Firefighter's Plan made on or after the inception of the Firefighter's Plan are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit; except that contributions to the Firefighter's Plan by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

An agreement between the City and the Firemen’s System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to the Firemen’s System from February 1, 2013, to September 30, 2013. Because contributions for this period did not recognize the impact of Board Bill 109, certain excess Firemen’s System City contributions will be transferred from the Firemen’s System to the Firefighter’s Plan equal to the Firefighter’s Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen’s System City contribution may be credited towards the Firemen’s System Entry Age Normal Agreement (Fireman’s Retirement EAN Note).

3) Funded Status

The funded status for the Firefighter’s Plan as a whole as of October 1, 2013, the initial actuarial valuation date, is as follows. A determination of funded status is not made for individual funds.

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Annual covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
10/1/2013	\$ 1,505	59,755	(58,250)	2.5%	\$ 34,979	166.5%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, will in future years present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4) Annual Pension Cost and Net Pension Obligation

The City’s annual pension cost and net pension obligation to the Firefighter’s Plan for the year ended June 30, 2014 are as follows:

Annual required contribution	\$ (8,902)
Annual pension cost	(8,902)
Contributions made	<u>—</u>
Decrease in net pension asset	(8,902)
Net pension asset, beginning of year	<u>—</u>
Net pension asset, end of year	<u><u>\$ (8,902)</u></u>

The net pension obligation of \$8,902 is reflected as a long-term liability within the accompanying basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Historical trend information about the City's participation in the Firefighter's Plan is presented below.

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2014	\$ 8,902	0% \$	8,902

There were no contributions made to the Firefighter's Plan by the City during the fiscal year ended June 30, 2014. The following were some of the significant actuarial assumptions used in the valuation of the Firefighter's Plan:

Valuation date	October 1, 2013
Actuarial cost method	Entry-age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30-year closed period from February 1, 2013
Asset valuation method	Market value
Inflation rate	3.000%
Investment rate of return	7.625%
Projected salary increases	Varies by age, ranging from 3.35% to 5.50%
Cost of living adjustments	For members hired after February 1, 2013, 3% per year with a maximum of 25% in increases

c. Police Retirement System of St. Louis (Police System)

1) System Description

All persons who become police officers and all police officers that enter or reenter SLPD after October 1, 1957 become members of the Police System and are thereby eligible to participate from their date of hire. The Police System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Police Retirement System of St. Louis; 2020 Market Street, St. Louis, Missouri 63103.

The Police System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service or attaining age 55. The monthly allowance consists of 40% of the two-year average final compensation for the first 20 years of services, plus 2% of such final average compensation for each of the next five years of service, plus 4% of average final compensation for each additional year of service after 25 years up to a maximum of 30 years. The monthly allowance of members who have in excess of 30 years of service is increased by 5%. The maximum pension is 75% of average final compensation. Such benefits are established by the State statute.

The Police System implemented a DROP feature during the Police System's fiscal year ended September 30, 1996. The DROP option is available to members of the Police System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

credited monthly in the DROP account, and will no longer make contributions to the Police System. During participation in the DROP, the member will not receive credit for service and the member shall not share in any benefit improvement that is enacted or becomes effective while such member is participating in the DROP. A member may participate in the DROP only once for any period up to five years, at which point the member may reenter the Police System. At retirement, the funds in the member's DROP account plus interest are available to the member in a lump sum or in installments.

2) Funding Policy

Police officers are required to contribute 7% of their compensation to the Police System per State statute. The City is required to contribute the remaining amounts necessary to fund the Police System, determined in accordance with City ordinances. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the member's contributions are refunded. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution plus interest thereon.

3) Funding Status

The funded status of the Police System as of October 1, 2013, the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As A Percentage of Covered Payroll</u>
October 1, 2013	\$ 690,731	879,907	189,176	78.5%	\$ 70,328	269.0%

The aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC) for the Police System. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

4) Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Police System for the year ended June 30, 2014 are as follows:

Annual required contribution	\$	(32,629)
Interest on net pension asset		198
Adjustment to annual required contribution		(221)
Annual pension cost		(32,652)
Contributions made		32,629
Decrease in net pension asset		(23)
Net pension asset, beginning of year		2,554
Net pension asset, end of year	\$	2,531

The net pension asset of \$2,531 is reflected as a net pension asset within governmental activities in the government-wide financial statements.

Historical trend information about the City's participation in the Police System is presented below.

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension asset
2014	\$ 32,652	100% \$	2,531
2013	28,498	100	2,554
2012	20,172	99	2,578

Significant actuarial assumptions used in the valuation of the Police System are as follows:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Aggregate cost method (this method does not identify or separately amortize unfunded actuarial accrued liabilities)
Asset valuation method	5-year smoothed average of market value
Inflation rate	2.5%, per year
Investment rate of return	7.75%, per year
Projected salary increases	3.0% – 6.5%, varying by age
Projected postretirement benefit increases	2.5% maximum per year, cumulative 30% cap

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

d. Employees Retirement System of the City of St. Louis (Employees System)

1) System Description

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Employees Retirement System upon employment with the exception of employees hired after attaining age 60.

The Employees System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees' Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest with employees covered by the Employees System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age of 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60 with five years of creditable service; age 55 with at least 20 years of creditable service; or at any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted accordingly to the changes in the Consumer Price Index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S. Treasury Bond yield as of September 30, for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

2) Funding Policy

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. Deductions from plan assets are financed from plan additions. The Board of Trustees established the required employer contributions rate based on active

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

member payroll of 15.56% effective July 1, 2013, and 14.27% of active member payroll effective July 1, 2012.

Employees who became members of the Employees System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the Employees System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year.

3) Funded Status

The funded status of the Employees System for the actuarial valuation as of October 1, 2013 is as follows:

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Annual covered payroll	UAAL As A percentage of covered payroll
October 1, 2013	\$ 685,397	889,449	204,051	77.1%	\$ 224,623	90.8%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Employees System for the year ended June 30, 2014 are as follows:

Annual required contribution	\$ (34,977)
Interest on net pension obligation	(3,498)
Adjustment to annual required contribution	<u>3,884</u>
Annual pension cost	(34,591)
Contributions made	<u>31,052</u>
Increase in net pension obligation	(3,539)
Net pension obligation, beginning of year	<u>(43,728)</u>
Net pension obligation, end of year	<u><u>\$ (47,267)</u></u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The net pension obligation of \$(47,267) is reflected as a long-term liability within the accompanying basic financial statements as follows:

Governmental activities	\$	(43,489)
Business-type activities		(3,778)
		(47,267)
	\$	(47,267)

Historical trend information about the City's participation in the Employees System is presented below.

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2014	\$ 34,591	90%	\$ (47,267)
2013	31,481	90	(43,728)
2012	29,176	86	(40,611)

Significant actuarial assumptions used in the valuation of the Employees' System are as follows:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	Level dollar open amortization period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.125%
Investment rate of return	8.00%
Projected salary increases	varies by age, ranging from 3.50% to 7.017%
Cost of living adjustments	3.125% simple with a 25% lifetime cap

e. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) became effective January 1, 1989. Required year-ended June 30, 2014 contributions of \$292, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2014, SLDC's current covered payroll was \$3,241 and total payroll amounted to \$3,469. Employees are not required to contribute to the SLDC Plan; however, they can contribute up to 5-½% of their monthly compensation if they so elect. In order to be eligible under the SLDC Plan, the participant must be a full-time employee, have attained the age of 18, and completed at least six months of active service. The employees vest at a rate of 33% per annum with full vesting occurring after the end of their third year of service. The SLDC Plan does not hold any employer or related-party securities. All plan investments are self-directed by the respective plan participants, within the limitations of the plan.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

12. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City is obligated under Chapter 84.160 RSMo to provide medical and life insurance benefits for former civilian and commissioned Police employees who retire subsequent to 1969. The City provides these other postemployment benefits (OPEB) under a single-employer, defined benefit postemployment plan. The OPEB plan does not issue a separate financial report.

Commissioned Police employees may retire and receive benefits under the OPEB plan after 20 years of creditable service, regardless of age. Civilian Police employees may retire and receive benefits under the OPEB plan after attaining age 55 with 20 years of service, or after attaining age 60 with five years of service. The disability eligibility for officers for a service disability has no minimum age or service requirements and for an ordinary disability is 10 years of service. The disability eligibility for civilians is 5 years of service.

For eligible retired employees and disabled employees under age 65, the OPEB plan pays the full cost of a base healthcare plan. Retirees may elect to pay costs associated with a buy-up healthcare plan, which provides coverage in excess of the base healthcare plan. For eligible retired employees and disabled employees over 65, the OPEB plan pays the costs of a Medicare Supplement Plan. Retirees pay the full cost of spouse healthcare coverage. Additionally, the OPEB plan provides a postretirement death benefit of \$3.

The City has elected to have an actuarial valuation performed biennially, unless significant changes occur that affect the results of the most recent valuation. At July 1, 2013, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,512
Terminated plan members entitled to, but not yet receiving benefits	81
Active members	1,798
Total plan members	3,391

Funding Policy

Contributions made to the OPEB plan are established and may be amended by the Board of Aldermen. For the year ended June 30, 2014, the City contributed \$10,726, which was based upon pay-as-you-go financing requirements.

Annual Other Postemployment Benefit Cost and Net Other Postemployment Benefit Obligation

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The annual required contribution represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to plan, and changes in the net OPEB obligation:

Annual required contribution	\$	41,662
Interest on net OPEB obligation		3,610
Adjustment to annual required contribution		(6,140)
Annual OPEB cost		39,132
Contribution made		10,726
Increase in net OPEB obligation		28,406
Net OPEB obligation, beginning of year		120,338
Net OPEB obligation, end of year	\$	148,744

Historical trend information about the OPEB Plan is as follows:

Fiscal year	Annual OPEB cost (AOC)	Percentage of AOC contributed	Net OPEB obligation
2014	\$ 39,132	27.4%	\$ 148,744
2013	39,297	25.2	120,338
2012	38,333	24.4	90,950

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The July 1, 2013 actuarial valuation stated the actuarial accrual liability for benefits was \$490,773, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$88,828, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 552.5%.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made throughout the future.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The projection of future benefit payments for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation, as amended for significant changes to the plan that would impact the valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 3% discount rate and an annual healthcare cost trend rate of 8.00% for Pre-Medicare and 7% for Post Medicare initially, reduced by decrements to an ultimate rate of 6% for Pre-Medicare and 5% for Post-Medicare after eight years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a 30-year amortization period.

13. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of the employees. As such, the trust account and related liability are not included in the basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

14. LONG-TERM LIABILITIES

a. Changes in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2014:

	Primary government June 30, 2013	SLPD June 30, 2013	Balance as adjusted for GASB No. 69*	Additions	Reductions	Balance June 30, 2014	Due within one year
Governmental activities:							
General obligation bonds payable	\$ 35,050	—	35,050	—	(6,920)	28,130	3,785
Section 108 Loan Guarantee							
Assistance Programs	39,530	—	39,530	—	(3,950)	35,580	4,210
Development and Tax increment							
financing bonds and notes payable	296,122	—	296,122	10,852	(6,653)	300,321	13,088
Loan agreement with MTFC	2,500	—	2,500	—	(463)	2,037	482
Capital lease – rolling stock	13,698	—	13,698	16,605	(5,560)	24,743	5,012
Certificates of participation	6,740	—	6,740	—	(630)	6,110	655
Obligations with component unit	53,015	—	53,015	—	(1,459)	51,556	80
Firemen’s Retirement EAN Note	4,372	—	4,372	—	(976)	3,396	1,050
Loan agreement with FPF	1,890	—	1,890	3,510	(790)	4,610	79
Leasehold revenue improvement and							
refunding bonds	473,403	4,160	477,563	26,000	(32,674)	470,889	37,804
Joint venture financing agreement	42,085	—	42,085	—	(4,241)	37,844	4,410
Unamortized discounts	(4,301)	—	(4,301)	—	202	(4,099)	—
Unamortized premiums	7,574	—	7,574	1,471	(1,300)	7,745	—
Net pension obligation	36,815	3,081	39,896	12,494	—	52,390	—
Net OPEB obligation	—	120,338	120,338	39,132	(10,726)	148,744	11,446
Accrued vacation							
and sick leave	25,194	25,764	50,958	27,932	(27,049)	51,841	17,694
Claims and judgments payable	26,104	14,795	40,899	25,572	(20,646)	45,825	20,196
	<u>\$ 1,059,791</u>	<u>168,138</u>	<u>1,227,929</u>	<u>163,568</u>	<u>(123,835)</u>	<u>1,267,662</u>	<u>119,991</u>
Governmental activities							
long-term liabilities	<u>\$ 1,059,791</u>	<u>168,138</u>	<u>1,227,929</u>	<u>163,568</u>	<u>(123,835)</u>	<u>1,267,662</u>	<u>119,991</u>

*See note 2.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities claims and judgments payable, accrued vacation and sick leave benefits, net pension obligations, and landfill closure costs are generally liquidated by the general fund.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	\$ 794,615	—	(30,465)	764,150	37,560
Net pension obligation	1,733	—	(26)	1,707	—
Pension funding project	5,254	—	(97)	5,157	103
Other	438	—	(18)	420	—
Accrued vacation, compensatory, and sick time benefits	5,465	3,497	(3,827)	5,135	3,497
Unamortized discounts and premiums	39,604	—	(4,843)	34,761	—
Unearned lease revenues	5,751	—	(281)	5,470	—
Total airport	<u>852,860</u>	<u>3,497</u>	<u>(39,557)</u>	<u>816,800</u>	<u>41,160</u>
Water Division:					
Revenue bonds payable	7,585	940	(3,765)	4,760	4,019
Customer deposits	1,854	—	(54)	1,800	—
Net pension obligation	1,426	2,138	(2,158)	1,406	—
Pension funding project	3,060	—	(61)	2,999	—
Accrued vacation and sick time benefits	3,312	43	—	3,355	1,816
Total water division	<u>17,237</u>	<u>3,121</u>	<u>(6,038)</u>	<u>14,320</u>	<u>5,835</u>
Parking Division:					
Revenue bonds payable	70,527	1,500	(2,348)	69,679	2,586
Net pension obligation	691	—	(26)	665	—
Pension funding project	846	—	(15)	831	—
Other	161	15	—	176	—
Unamortized discounts and premiums, net	387	—	(27)	360	—
Total parking division	<u>72,612</u>	<u>1,515</u>	<u>(2,416)</u>	<u>71,711</u>	<u>2,586</u>
Business-type activities long-term liabilities	<u>\$ 942,709</u>	<u>8,133</u>	<u>(48,011)</u>	902,831	49,581
Less amounts recorded in:					
Accrued salaries and other benefits				(5,313)	(5,313)
Accounts payable and accrued liabilities				(103)	(103)
				<u>\$ 897,415</u>	<u>44,165</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

b. General Obligation Bonds

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2015	\$ 3,785	1,301	5,086
2016	3,975	1,118	5,093
2017	4,180	921	5,101
2018	4,380	719	5,099
2019	4,590	516	5,106
2020 – 2024	4,895	1,111	6,006
2025 – 2026	2,325	148	2,473
	<u>\$ 28,130</u>	<u>5,834</u>	<u>33,964</u>

c. Section 108 Loan Guarantee Assistance Programs

In July 2011 the HUD Section 108 notes were defeased in order to take advantage of a call on the notes. HUD offered a new Section 108 financing, allowing the City to secure a lower fixed rate. The offering took place in November 2011 and the City was able to secure a low, fixed rate through the life of the note. The HUD notes will mature on August 1, 2020 and bear interest rates ranging from 0.35% to 2.45%. Principal and interest requirements for the combined Section 108 program notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2015	\$ 4,210	551	4,761
2016	4,460	516	4,976
2017	4,750	467	5,217
2018	5,050	399	5,449
2019	5,360	312	5,672
2020 – 2021	11,750	281	12,031
	<u>\$ 35,580</u>	<u>2,526</u>	<u>38,106</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

d. Development and Tax Increment Financing Bond and Notes Payable

The City issued \$4,802 in TIF bonds and notes payable during fiscal year 2014.

During fiscal year 2014, the City issued \$6,050 in additional Development Financing Revenue Bonds for the Ballpark Village Development project.

Principal and interest requirements for the development and tax increment financing debt issues are as follows:

	TIF Bonds and Notes		Total
	Principal	Interest	
Year ending June 30:			
2015	\$ 13,088	19,450	32,538
2016	13,929	18,614	32,543
2017	14,825	17,724	32,549
2018	15,764	16,857	32,621
2019	16,781	15,846	32,627
2020 – 2024	97,419	61,702	159,121
2025 – 2029	91,622	29,051	120,673
2030 – 2034	25,098	8,221	33,319
2035– 2039	4,282	4,033	8,315
2040 – 2044	6,009	2,116	8,125
2045	1,504	121	1,625
	<u>\$ 300,321</u>	<u>193,735</u>	<u>494,056</u>

e. Loan Agreement With Missouri Transportation Finance Corporation (MTFC)

Principal and interest requirements under the loan agreement with the MTFC are as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	\$ 482	86	568
2016	502	65	567
2017	523	44	567
2018	530	22	552
	<u>\$ 2,037</u>	<u>217</u>	<u>2,254</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

f. Capital Lease—Rolling Stock

In August 2013, the City amended the lease agreement resulting in new debt of \$16,605.

The following is a schedule of future minimum lease payments as of June 30, 2014.

Year ending June 30:		
2015	\$	5,617
2016		5,023
2017		4,572
2018		4,572
2019		4,104
2020		2,750
		<hr/>
Total future minimum lease payments		26,638
Amount representing interest		(1,895)
		<hr/>
Present value of net minimum lease payments	\$	<u>24,743</u>

g. Certificates of Participation

The City has a master lease agreement with SLDC, whereby the City has leased Stadium East Redevelopment Project and related property and portions of the City Block 210 (the Kiel Premises) to SLDC.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation, which supports the Kiel Premises, as of June 30, 2014.

Year ending June 30:		
2015	\$	894
2016		895
2017		894
2018		910
2019		909
2020 – 2022		2,714
		<hr/>
Total future minimum obligation payments		7,216
Amount representing interest		(1,106)
		<hr/>
Present value of net minimum obligation payments	\$	<u>6,110</u>

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds being used for demolition and site preparation.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

h. Obligations with Component Unit

1) Convention Center – SLDC Series 2000 Bonds

In 2000, SLDC issued Series 2000 Compound Interest Leasehold Revenue Bonds (Series 2000 Bonds) in the amount of \$40,000 for the purpose of providing funding for the construction of a convention center hotel within the vicinity of the Convention Center. Under the Agreement, SLMFC has assigned its rights under the lease relative to the Series 2000 Bonds to SLDC. The City is required, beginning on July 15, 2011, to make lease payments to SLDC to fund the annual debt service payments for the Series 2000 Bonds.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2014.

Year ending June 30:			
2015		\$	—
2016			15,295
2017			15,295
2018			15,295
2019			15,295
2020 – 2021			30,590
	Total future minimum obligation payments		91,770
	Amount representing interest		(56,480)
	Present value of net minimum obligation payments	\$	35,290

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds of this obligation being used for construction of a convention center hotel that is not owned by the City.

2) 600 Washington Project – SLDC Series 2010 Bonds

On March 5, 2010, The Land Clearance for Redevelopment Authority (LCRA) issued \$16,960 Recovery Zone Facility Special Obligation Redevelopment Bonds Series 2010 (LCRA Series 2010 bonds) for the 600 Washington Project, a contractual obligation of the City.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2014.

Year ending June 30:			
2015		\$	936
2016			964
2017			985
2018			1,011
2019			1,031
2020 – 2024			5,562
2025 – 2029			6,369
2030 – 2034			7,363
2035 – 2039			7,993
2040			1,018
Total future minimum obligation payments			33,232
Amount representing interest			(16,966)
Present value of net minimum obligation payments	\$		16,266

i. Firemen’s Retirement EAN Note

The Firemen’s System and the City entered into an Agreement of Understanding if legislation at the state level changing the actuarial method to entry age normal (EAN) did not pass, the City would have the option to issue a note amortizing the unpaid amount to make up the shortfall of the contribution required in fiscal year 2012. The state failed to pass the bill causing the issuance of the note in the amount of \$5,278.

Principal and interest requirements under the loan agreement with the Firemen’s System are as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	1,050	259	1,309
2016	1,130	179	1,309
2017	1,216	93	1,309
	\$ 3,396	531	3,927

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

j. Loan agreement with Forest Park Forever

During fiscal year 2014, the SLMFC issued \$3,510 in additional Forest Park Taxable Subordinate Leasehold Revenue Bonds.

	Principal	Interest	Total
Year ending June 30:			
2015	\$ 79	211	290
2016	83	207	290
2017	87	203	290
2018	91	199	290
2019	95	195	290
2020-2024	543	907	1,450
2025-2029	680	770	1,450
2030-2034	850	600	1,450
2035-2039	1,063	388	1,451
2040-2043	1,039	121	1,160
	\$ 4,610	3,801	8,411

15. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING BONDS

a. Pension Funding Project 2007

The long-term liability for the Employees' System portion of the Pension Funding Project Series 2007 debt is reflected as a long-term liability within the accompanying basic financial statements as follows as of June 30, 2014:

Governmental activities	\$	36,520
Business-type activities		9,048
	\$	45,568

b. City Parks Bonds

In May 2014, the SLMFC issued \$26,000 in City Parks Leasehold Improvement Dedicated Revenue Bonds, Series 2014. The proceeds of the bonds will be used for improvements to City parks and for tree planting and other landscaping in the right of way areas of the City.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

c. Principal and Interest Requirements

Principal and interest requirements for the Leasehold Revenue Improvement and Refunding Bonds are as follows:

	Civil Courts		Convention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2015	\$ 2,690	47	\$ 16,038	3,771
2016	—	—	—	2,417
2017	—	—	—	2,417
2018	—	—	—	2,417
2019	—	—	—	2,417
2020 – 2024	—	—	25,050	32,915
2025– 2029	—	—	36,004	52,552
2030 – 2034	—	—	25,978	62,575
2035 – 2039	—	—	35,569	55,442
	<u>\$ 2,690</u>	<u>47</u>	<u>138,639</u>	<u>216,923</u>

	Justice Center		Forest Park	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2015	\$ 8,615	2,008	\$ 965	403
2016	9,030	1,587	1,010	360
2017	9,485	1,135	1,050	322
2018	9,920	697	1,100	269
2019	3,630	218	1,155	214
2020-2023	1,790	72	3,790	320
	<u>\$ 42,470</u>	<u>5,717</u>	<u>9,070</u>	<u>1,888</u>

	Carnahan Courthouse		Abram Building (1520 Market Street)	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2015	\$ 1,280	904	1,337	254
2016	1,330	853	1,381	209
2017	1,385	800	1,483	162
2018	1,440	744	1,036	118
2018	1,495	687	1,067	88
2019 – 2023	8,430	2,481	2,228	81
2024 – 2027	6,610	597	—	—
	<u>\$ 21,970</u>	<u>7,066</u>	<u>8,532</u>	<u>912</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

	Recreation sales tax		Police Capital Improvement sales tax	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2015	\$ 1,110	2,129	325	983
2016	1,155	2,084	340	970
2017	1,185	2,036	350	958
2018	1,280	1,985	365	944
2019	1,335	1,931	380	930
2020 – 2024	7,645	8,662	3,860	4,283
2025 – 2029	9,660	6,675	5,285	3,262
2030 – 2034	12,220	4,118	6,570	1,974
2035 – 2037	8,900	904	4,700	429
	<u>\$ 44,490</u>	<u>30,524</u>	<u>22,175</u>	<u>14,733</u>

	Public safety sales tax Pension funding project 2008		Juvenile detention center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2015	\$ 1,825	600	565	984
2016	1,930	494	585	961
2017	2,045	380	610	938
2018	2,165	261	635	913
2019	2,290	134	660	888
2020– 2024	—	—	3,710	4,022
2025 – 2029	—	—	4,570	3,162
2030 – 2034	—	—	5,695	2,039
2035 – 2038	—	—	5,545	638
	<u>\$ 10,255</u>	<u>1,869</u>	<u>22,575</u>	<u>14,545</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

	<u>Pension funding project</u>		<u>City Parks</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:				
2015	\$ 2,615	8,520	440	1,167
2016	2,785	8,349	500	1,104
2017	2,970	8,168	515	1,089
2018	3,160	7,975	530	1,074
2019	3,365	7,770	555	1,053
2020 – 2024	20,410	35,270	3,150	4,881
2025 – 2029	27,960	27,718	3,880	4,149
2030– 2034	38,310	17,370	4,725	3,303
2035 – 2039	29,495	3,915	5,890	2,143
2040– 2043	—	—	5,815	607
	<u>\$ 131,070</u>	<u>125,055</u>	<u>26,000</u>	<u>20,570</u>

16. JOINT VENTURE FINANCING AGREEMENT

In April 1990, the St. Louis Regional Convention and Sports Complex Authority (Authority) was established as a separate legal entity by an act of the Missouri State legislature to acquire, purchase, or lease, and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational, and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

The Authority entered into a Project Financing Construction and Operation Agreement (Financing Agreement) dated August 1, 1991 with the City, State, and County (collectively, the Sponsors) providing for the application of the proceeds of Project Bonds, for the repayment of the Project Bonds, and for the operation and maintenance of the Project. On August 1 and February 1 of each year, the City is obligated (subject to appropriations) to make rental payments of \$2,500 and preservation payments of \$500 regardless of the principal and interest payments due.

At June 30, 2014, the City's obligation for the Series C Bonds and net preservation payments (after deposits to the bond fund) payable from the general fund under the Financing Agreement is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Preservation payments</u>	<u>Total</u>
	Year ending June 30:			
2015	\$ 3,315	1,590	1,095	6,000
2016	3,490	1,411	1,099	6,000
2017	3,670	1,223	1,107	6,000
2018	3,865	1,025	1,110	6,000
2019	4,070	817	1,113	6,000
2020 – 2022	13,525	1,089	386	15,000
	<u>\$ 31,935</u>	<u>7,155</u>	<u>5,910</u>	<u>45,000</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

17. COMPONENT UNIT—LONG-TERM LIABILITIES

a. Component Unit – SLDC Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLDC for the year ended June 30, 2014:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Within One Year</u>
Due to other governmental agencies	\$ 6,674	341	(1,781)	5,234	964
Notes payable	30,256	1,810	(3,488)	28,578	11,710
Other liabilities	7,967	8,617	(3,687)	12,897	6,861
	<u>\$ 44,897</u>	<u>10,768</u>	<u>(8,956)</u>	<u>46,709</u>	<u>19,535</u>

Maturities on bank and other notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2015	\$ 11,710	768	12,478
2016	2,668	651	3,319
2017	246	568	814
2018	259	555	814
2019 – 2020	13,694	730	14,424
	<u>\$ 28,577</u>	<u>3,272</u>	<u>31,849</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

18. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2014 are summarized as follows:

Bond Series 1997 B, interest rate of 6%, payable in varying amounts through 2015	\$ 5,910
Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032	263,065
Bond Series 2007A, interest rate ranging from 4.25% to 5.25%, payable in varying amounts through 2033	209,180
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028	104,735
Bond Series 2009A, interest rate ranging from 5.125% to 6.625%, payable in varying amounts through 2035	107,240
Bond Series 2011AB, interest rate of 5.00%, payable in varying amounts through 2016	13,185
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033	29,375
Bond Series 2013, interest rate ranging from 2.00% to 5.00%, payable in varying amounts through 2019	31,460
	764,150
Less:	
Current maturities	(37,560)
Unamortized discounts and premiums	34,761
	(2,799)
	\$ 761,351

Interest payments on the above issues are due semiannually on January 1 and July 1.

On June 30, 2013, the Airport issued \$31,460 in Series 2013 Revenue Refunding Bonds payable in varying amounts from 2014 through 2019 with interest rates ranging from 2.00% to 5.00%. At June 30, 2013, \$40,150 of 2003 A Series Revenue Refunding bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The Airport completed the advance refunding to reduce its total debt service payments over the next 5 years by \$10,383 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$3,365.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Debt-Related Items Presented as Deferred Outflows of Resources

In accordance with GASB 65, the loss on bond defeasance has been recorded as a deferred outflow of resources, net of the accumulated amortization and will be recognized as a component of interest expense using the bonds outstanding method over the life of the new bonds or of the old bonds, whichever is less. The detail of the debt-related item recognized as deferred outflows of resources is presented below.

Debt-Related Deferred Outflow of Resources

Loss on bond defeasance	\$	18,370
Deferred outflow of resources	\$	18,370

Management is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2014.

As of June 30, 2014, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	Principal	Interest	Total
Year(s) ending June 30:			
2015	\$ 37,560	39,457	77,017
2016	39,785	37,565	77,350
2017	38,400	35,551	73,951
2018	40,475	33,475	73,950
2019	42,585	31,283	73,868
2020 – 2024	194,245	126,127	320,372
2025 – 2029	209,930	73,670	283,600
2030 – 2034	151,875	19,616	171,491
2035	9,295	308	9,603
	\$ 764,150	397,052	1,161,202

In prior years, the Airport advance refunded various Airport Revenue Bonds by placing funds in an irrevocable trust to provide for all future debt service payments on these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements. At June 30, 2014, \$397,750 of these outstanding bonds related to 1992, 1997A and 2001A Series is considered defeased.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

b. Water Division

Water revenue bonds outstanding at June 30, 2014 are payable solely from and secured by, a pledge of net revenues from the operation of the Water Division and are as follows:

Series 2011 Water Revenue Refunding Bonds, 1.50% payable in varying amounts through July 1, 2014	\$ 3,820
Series 2013 Water Revenue Refunding Bonds, 1.56%, drawdown loan, payable in varying amounts through January 1, 2034	940
Less:	
Current maturities	(4,019)
	\$ 741

Series 2011 Water Revenue Refunding Bonds

In September 2011, the Water Division issued \$11,480 in Water Revenue Refunding Bonds (Series 2011 Bonds) with an interest rate of 1.50% to advance refund \$12,260 of the outstanding Series 1998 Bonds, maturing on July 1, 2014. The net proceeds of \$11,273 (after the subtraction of payment of \$207 in issuance costs) were deposited in an irrevocable trust with an escrow agent. The net proceeds and the balance of \$1,207 from the Series 1998 Debt Service Reserve Fund, totaling \$12,480, provided payment on the \$12,260 principal of the Series 1998 Bonds. As a result, Series 1998 Bonds were considered to be defeased and the liability for those bonds has been removed from the basic financial statements. At June 30, 2014, no defeased Series 1998 Bonds remain outstanding.

Series 2013 Water Revenue Bonds

In November 2013, the Water Division issued \$9,500 (not to exceed) in Water Revenue Bonds (Series 2013 Bonds) through the Missouri Department of National Resources Direct Loan Program. This bond issue is a drawdown loan with a fixed interest rate of 1.56% to fund various projects at the water treatment plants and throughout the distribution system. At June 30, 2014, the Water Division has drawn down \$940 of the loan.

Debt Service Requirements

Debt service requirements to maturity of the 2011 and 2013 Series Water Revenue Bonds are as follows:

	Principal	Interest	Total
For the year ending June 30:			
2015	\$ 4,019	44	4,063
2016	404	15	419
2017	337	15	352
	\$ 4,760	74	4,834

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Principle and interest payments are due semiannually on January 1 and July 1.

c. Parking Division

Revenue bonds outstanding at June 30, 2014 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12%, payable in varying amounts through 2028	\$	2,880
SLPCFC Series 2003B taxable revenue bonds interest rates variable, not to exceed 5%, payable in varying amounts through 2038		6,039
Series 2006 revenue bonds interest ranging from 3.75% to 5.14% payable in varying amounts through 2032		47,975
Series 2007 revenue bonds interest ranging from 4.125% to 6.00% payable in varying amounts through 2034		11,285
Series 2013A subordinated parking revenue bond interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022		1,500
		69,679
Less:		
Current portion of revenue bonds payable		(2,586)
Unamortized discount and premium		360
	\$	67,453

Debt service requirements of the revenue bonds at June 30, 2014 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	\$ 2,586	3,133	5,719
2016	2,751	3,016	5,767
2017	2,856	2,905	5,761
2018	2,971	2,789	5,760
2019	3,103	2,656	5,759
2020 – 2024	17,416	11,014	28,430
2025 – 2029	19,302	6,940	26,242
2030 – 2034	16,999	2,000	18,999
2035 – 2038	1,695	211	1,906
	\$ 69,679	34,664	104,343

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Debt-Related Items Presented as Deferred Outflows of Resources

As required by GASB, the Parking Division recognizes certain debt-related items as a deferred outflow of resources. The detail of the debt-related item recognized as deferred outflows of resources is presented below.

Debt-Related Deferred Outflow of Resources

Loss on bond defeasance	\$ <u>4,682</u>
Deferred outflow of resources	\$ <u><u>4,682</u></u>

For the year ended June 30, 2014, the amortization of the loss on bond defeasance totaled \$334, which increases interest expense.

19. PLEDGED REVENUES

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following narratives list those revenues by source along with the general purpose of the debt, the amount of the pledge remaining, the term of the pledge commitment, the amount of pledged revenue collected during the current fiscal year, and the approximate percentage of the revenue stream that has been committed, if estimable:

a. Governmental activities

The City has pledged an ad valorem tax levied upon all taxable, tangible property, real and personal (property tax revenue) related to various general obligation revenue bonds. The general purpose of the various general obligation revenue bonds is the purpose of refunding renovation of fire and police buildings and demolition of unsafe or condemned buildings and communications equipment for fire police and EMS and police infrastructure improvements. The bonds are payable, in part, from a tax rate that is set annually based on revenue required to pay debt. The term of commitments related to such pledged revenues vary by issuances and extend to fiscal year 2026. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2014, the total principal and interest remaining to be paid on the debt is \$33,964. Principal and interest paid was \$8,613 for the year ended June 30, 2014, which included \$3,201 defeased principal and interest. The pledged net revenue recognized for the year ended June 30, 2014 was \$6,816. During fiscal year 2014, the proportion of pledged revenues needed for debt service to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in specified TIF districts to pay debt outstanding. The general purpose of the TIFS is to assist in development of blighted properties. The debt outstanding is payable from the related pledged revenues through year 2033. Annual principal and interest outstanding on the various TIF bonds and notes outstanding is paid based on the amount of revenue captured in each particular district. It has also been pledged to pay debt on the Section 108 Loan for the Convention Center Hotel and the 600 Washington obligation with component unit. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2014, the total principal and interest remaining is \$555,221. Principal and interest paid was \$26,227 for the year ended June 30, 2014.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The pledged net revenue recognized for the year ended June 30, 2014 was \$23,213. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 100%.

A \$45 (in dollars) surcharge on civil cases in the circuit court is imposed by state statute to be used for courthouse restoration. A city ordinance also imposes a \$5 (in dollars) court cost on all municipal ordinance violation cases to be used for courthouse restoration. The funds are used as pledges for the Civil Court and Carnahan Courthouse Leasehold Revenue Refunding Bond Series, with purposes of financing renovations at the Civil Courts building and the Carnahan Courthouse, respectively. The term of commitment related to such pledged revenues extend to fiscal year 2027. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2014, the total principal and interest remaining on these financings is \$31,773. Principal and interest paid was \$5,012 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$1,301. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged State per diem prisoner reimbursements for boarding of State prisoners to Justice Center debt issuances. The purpose of the financings was to construct a new Justice Center. The term of commitment related to such pledged revenues extend to fiscal year 2020. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2014, total principal and interest remaining on the debt is \$48,187. Principal and interest paid was \$10,617 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$6,259. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged a portion of the one half cent capital improvement sales tax to fund the Forest Park Leasehold Revenue Refunding Bonds, whose purpose was to finance improvements to Forest Park. As legally committed by ordinance, 10.4% of the revenue collected from this sales tax is allocated for Forest Park. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues.

Forest Park Taxable Subordinate Leasehold Revenue Bonds issued pledge the remainder of the tax as well as any revenue generated in the park. As of June 30, 2014, total principal and interest remaining on the debt is \$19,369. Principal and interest paid was \$2,247 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$3,152. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 71.3%.

The City has pledged the one eighth cent parks and recreation sales tax to fund the Recreation Sales Tax Leasehold Revenue Bonds Revenue Bonds whose purpose was the construction of two new recreation centers. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues. As of June 30, 2014, total principal and interest remaining on the debt is \$75,014. Principal and interest paid was \$3,237 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$4,473. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 72.4%.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The City has pledged a portion of the one half cent capital improvement sales tax to fund the Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007, whose purpose was capital improvements to police buildings and certain interoperable communications equipment to be used by the police, fire and EMS. As legally committed by ordinance, 10% of the revenue collected from this sales tax is allocated for police capital improvements. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 90% of estimated related net revenues. As of June 30, 2014, total principal and interest remaining on the debt is \$36,908. Principal and interest paid was \$1,311 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$1,889. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 69.4%.

The 3.5% sales tax imposed on the amount of sales or charges for all rooms paid by the transient guests of hotels and motels is pledged by the City to fund the Convention and Sports Facility Refunding Bonds Series C 2007, whose purpose was to construct a multipurpose convention and indoor sports facility. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2014, total principal and interest remaining on the debt is \$45,000. Principal and interest paid was \$6,000 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$8,018. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 74.8%.

Sales tax revenues dedicated to City Parks have been pledged to pay debt outstanding on the City Parks Leasehold Improvement Dedicated Revenue Bonds. Debt payments will be made from dedicated revenues for parks in the Capital Improvement Sales Tax, Metropolitan Park and Recreation District Capital Improvement Sales Tax, and Arch-Metro Parks Sales Tax. No principal and interest was paid for the year ended June 30, 2014 as the debt was issued in fiscal year 2014. The pledged revenues begin in fiscal year 2015.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Argyle TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Argyle parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2014, total principal and interest outstanding on this portion of the debt is \$7,816. The pledged net revenue recognized for the year ended June 30, 2014 related to the collection of PILOTs and EATs was \$1,458. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Euclid-Buckingham TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Euclid-Buckingham parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2014, total principal and interest outstanding on this portion of the debt is \$8,764. The pledged net revenue recognized for the year ended June 30, 2014 related to the

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

collection of PILOTs and EATs was \$307. During fiscal year 2014, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged general fund police parking ticket revenues to the Parking Revenue Bonds Series 2006 and Series 2007 in parity with the Parking Division to make up any shortfall of other committed sources. The term of commitment related to such pledged revenues extend to fiscal year 2038. As of June 30, 2014, total principal and interest remaining on the debt is \$44,207. During fiscal year 2014, revenue from the police parking ticket revenues totaled \$723. During fiscal year 2014, none of general fund revenues were used to meet the debt service requirements and the Parking Division has a payable to the City for this payment. See note 18b.

b. Business-type activities

Airport

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of \$764,150 in various long-term debt issuances, as outlined in note 18. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2014, the total principal and interest remaining to be paid on the bonds is \$1,161,202. Principal and interest paid was \$76,783 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$91,932.

Water

The Water Division has pledged specific revenue streams to secure the repayment of the Series 2011 and Series 2013 Bonds. As of June 30, 2014, the remaining principal and interest requirement is \$4,834 payable through January 2017 (fiscal year 2017). The proportion of pledged revenue to revenue collected is estimated at 6.9% at June 30, 2014.

Parking

The Parking Division has pledged specific net Parking Division project revenues and net Parking Division revenues, net of specified operating expenses, to secure the repayment of the City of St. Louis Parking Revenue Bonds, Series 2006 and 2007. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2014 the remaining principal and interest requirement is \$88,413 payable through fiscal year 2034. Principal and interest paid for the Series 2006 and 2007 Parking Revenue Bonds was \$4,771 for the year ended June 30, 2014. The pledged net revenue recognized for the year ended June 30, 2014 was \$8,937.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

20. SHORT-TERM DEBT

a. City

The City issued \$65,000 of general fund Tax and Revenue Anticipation notes dated July 10, 2013 and redeemed May 30, 2014. The purpose of the notes is to improve cash flow to allow more prompt vendor payments and encourage additional vendors to bid on City business.

Short-term debt activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Issued	Redeemed	Balance June 30, 2014
Tax and revenue anticipation notes	\$ —	65,000	(65,000)	—
	\$ —	65,000	(65,000)	—
	\$ —	65,000	(65,000)	—

21. OPERATING LEASES

- a. At June 30, 2014, the City was committed under miscellaneous operating leases for office space and equipment. Future minimum base rental payments under terms of the operating leases are as follows:

Year ending June 30:				
2015		\$	921	
2016			763	
2017			625	
2018			527	
2019			220	
2020 – 2024			251	
2025 – 2029			217	
			3,524	
		\$	3,524	

Rental and lease expenditures for the fiscal year 2014 totaled \$2,711.

b. Airport – Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2011, the Airport entered into long-term use and lease agreements with signatory air carriers that will expire on June 30, 2016. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

- Landing fees are calculated based on estimated operating and maintenance expenses of the airfield, and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment, that is calculated as the difference between estimated and

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.

- Rentals are calculated based on estimated operating and maintenance expenses of the terminal and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage utilized. Rental revenue is adjusted each year by retroactive rate adjustment, that is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue terminal and concourses, hangars, and other buildings or cargo buildings, respectively.
- Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

During fiscal year 2014, revenues from signatory air carriers accounted for 54.6% of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from signatory and non-signatory air carriers for the year ended June 30, 2014:

	Signatory	Non-signatory	Total
Airfield	\$ 57,261	11,926	69,187
Terminal and concourses	19,306	2,298	21,604
Hangars and other buildings	513	580	1,093
Cargo buildings	127	355	482
	\$ 77,207	15,159	92,366

No assurance can be given as to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in the population and the economy of the area served by the Airport (2) national and international political and economic conditions, including the effects of any past or future terrorist attacks; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control system; and (7) the capacity of the Airport/airways system.

The level of aviation activity at the Airport can have a material impact on the amount of total revenues generated at the Airport. However, Airport management believes the risk of significant variance in Airport revenues is mitigated by the Airport Use Agreements, concession agreements, and other leases, which contain minimum annual revenue guarantees.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The Airport leases facilities and land with varying renewal privileges to various non-signatory air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on non-cancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year(s) ending June 30:		
2015	\$	22,949
2016		20,926
2017		20,448
2018		20,246
2019		20,193
2020 – 2024		36,170
2025 – 2029		9,920
2030 – 2034		8,909
2035 – 2038		575
		<hr/>
Total minimum future rentals	\$	<u><u>160,336</u></u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$739 for the year ended June 30, 2014.

Unearned lease revenues included in Airport other long-term liabilities in the amount of \$5,470 as of June 30, 2014 represent the up front lease revenues received by the Airport for the lease of certain land.

The Airport leases computer and other equipment and has service agreements under non-cancelable arrangements that expire at various dates through 2018. Expenses for operating leases and service agreements were \$66 for the year ended June 30, 2014. Future minimum payments are as follows:

Year ending June 30:		
2015	\$	45
2016		37
2017		20
2018		7
2019		1
		<hr/>
Total minimum future rentals	\$	<u><u>110</u></u>

c. Component Unit—SLDC

During the year ended June 30, 2011, SLDC signed a sub-lease agreement with the City that commenced March 1, 2012 until June 30, 2031 with rental payments of \$620 per year for the first 10 years and variable amounts for the remaining 10 years. SLDC also has sublease agreements with Community Development Agency (CDA), Affordable Housing Commission (AFC), and Planning and Urban Design Development Agency (PDA) and in effect through June 30, 2031.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Future minimum base rents under the terms of the lease agreements net of sublease rents anticipated from CDA and PDA as of June 30, 2014 are as follows:

Year ending June 30:		
2015	\$	336
2016		335
2017		336
2018		335
2019 – 2021		1,006
		1,006
	\$	2,348

Additionally, at June 30, 2014, SLDC was committed through a 25-year operating lease with the City, which requires annual rental payments of \$1 (in dollars) for property at the City terminal site. Under the lease agreement, SLDC shall make improvements to the leased premises and award subleases for all or a portion of the leased premises. Sublease revenue is retained by SLDC for use at the terminal site.

22. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2014 are as follows:

Receivable fund	Payable fund	Amount
General fund	Capital projects fund	\$ 622
	Special revenue—Grants fund	1,440
	Other governmental nonmajor funds	668
	Internal service funds	941
	Enterprise:	
	Airport	4,600
	Water Division	1,596
	Parking Division	907
		10,774
		10,774
Other governmental nonmajor funds	General fund	3,289
	Capital projects fund	502
	Other governmental nonmajor funds	1,298
		5,089
Internal service funds	General fund	687
	Other governmental nonmajor funds	4
	Enterprise:	
	Airport	1,860
	Water Division	3,354
	Parking Division	293
	6,198	
	\$ 22,061	

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

All of these interfund balances are due to either timing differences or due to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2014.

Advances to/from other funds as of June 30, 2014 are as follows:

Advance from	Advance to	Amount
General fund	Internal Service Fund	\$ 39,668

23. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

		Transfer To				
		General Fund	Capital Projects Fund	Other Governmental Funds	Parking Division	Total
	General fund	\$ —	14,399	2,281	—	16,680
	Capital Projects fund	130	—	1,743	—	1,873
Transfer From	Other Governmental funds	27,853	10,542	808	932	40,135
	Grants fund	—	2	—	—	2
	Parking	780	—	—	—	780
	Airport	6,328	—	—	—	6,328
	Water Division	3,255	—	—	—	3,255
		\$ 38,346	24,943	4,832	932	69,053

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds. Additionally, gross receipt payments from the Airport and the Water Division are handled as transfers from each respective enterprise fund to the general fund.

24. COMMITMENTS AND CONTINGENCIES

a. Grants

In connection with various federal, state, and local grant programs, the City is obligated to administer related programs and spend the grant moneys in accordance with regulatory restrictions and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the City to refund program moneys. Through June 30, 2014, claims have been made on the City to make refunds under certain programs and other programs are still open as to compliance determination by the respective agencies. In the opinion of City officials, settlement of these matters will not result in a material liability to the City.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

SLPD was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. A number of legal suits originally against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty.

During fiscal year 2005, the Court of Appeals for the State of Missouri affirmed that under Missouri State Statutes, Chapter 84, the SLPD was an agency of the state. As an agency of the state, the SLPD was covered by the State of Missouri's legal expense fund for most general liability and various other claims and legal actions occurring prior to August 28, 2005. On August 28, 2005, Missouri legislation became effective modifying the coverage provided to the SLPD by the State of Missouri for general liability and various other claims and legal actions. State of Missouri Bill No. 420 provides that the State of Missouri was liable annually for funding general liability claims on an equal share basis per claim with the Public Facilities Protection Corporation (PFPC), an internal service fund of the City, up to a maximum of \$1,000. The SLPD was covered by PFPC for most self-insured risks, including general liability and various other claims and legal actions, exceeding the limitations set forth by the enacted legislation. Of these suits, \$2,250 is included in the self-insurance claim liability of \$45,825 and \$4,000 is included as the estimate of reasonably possible within the \$11,017. As of July 1, 2013, the City implemented GASB No. 69 (see note 2). Discussions are occurring between the City and the State of Missouri as to who is liable for certain suits that occurred prior to July 1, 2013 and also prior to August 28, 2005.

b. Commitments

At June 30, 2014, the City had outstanding commitments amounting to approximately \$10,423, resulting primarily from service agreements.

Additionally, at June 30, 2014, the Airport had outstanding commitments amounting to approximately \$28,313 resulting primarily from contracts for construction projects. In addition, the Airport has \$24,205 in outstanding commitments resulting from service agreements.

c. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2014 encumbrances of \$4,745 were reported in the general fund, \$10,867 in the capital projects services fund and \$3,846 in the other governmental funds.

d. American Airlines and Southwest Airlines

American Airlines, Inc. (American) and Southwest Airlines (Southwest) represent the major air carriers providing air passenger service at the Airport.

American provided 10% of the Airport's total operating revenues and 18% of total revenues from signatory air carriers for the fiscal year ended June 30, 2014. Accounts receivable at June 30, 2014 contained \$544 relating to amounts owed to the Airport by American. This amount includes \$191 of unbilled aviation revenues at June 30, 2014.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

Southwest provided 28% of the Airport's total operating revenues and 51% of total revenues from signatory air carriers for the fiscal year ended June 30, 2014. Accounts receivable at June 30, 2014 contained \$708 relating to amounts owed to the Airport by Southwest. This amount includes \$274 of unbilled aviation revenues at June 30, 2014.

e. Asbestos Removal

The Water Division has identified certain of its structures as having asbestos in place. As part of its continuing process of upgrading facilities, the costs for removal of the asbestos material and restoration or replacement of the affected areas are being included in budgets for capital projects. No mandatory time requirement is in effect. The removal plan would be accelerated by changes in plans for remodeling, if any.

f. Parking Capital Commitments and Subsequent Events

On June 10, 2010, several employees who were part of an outsourcing of the meter collections, filed suit against the Parking Division. On August 24, 2012, the Court found the Parking Division liable by outsourcing the duties of employees. The damage portion remains to be tried and the Parking Division intends to vigorously defend itself. This case is still being contended in court.

g. Component Unit—SLDC

In the normal course of its operations, certain lawsuits and legal action are pending against SLDC. In the opinion of SLDC officials and legal counsel, these items are not expected to have a material effect, individually or in the aggregate, upon the net position or the results of operations of SLDC. In addition, certain properties held for development may be subject to future environmental remediation costs. In the opinion of SLDC officials, these costs would not have a material adverse effect upon the financial position or the results of operations of SLDC.

SLDC has entered into various cooperative agreements with the CDA as a subrecipient/administrator of the Community Development Block Grant Programs. The purpose of these grants and contracts is to provide support for economic development in the City. Revenues from these contracts amounted to \$2,436 during the year ended June 30, 2014.

SLDC has received six allocation awards of New Market Tax Credit (NMTC) investment authority pursuant to Section 45D of the Internal Revenue Code: a Round 2, \$52,000 allocation received in 2005, a Round 6, \$45,000 allocation in October 2008, a Round 7, \$65,000 allocation received in October 2009, a Round 8, \$21,000 allocation in February 2011, a Round 9, \$50,000 allocation received in February 2012, and a Round 10, \$30,000 allocation received in April 2013 from the Department of the Treasury's Community Development Financial Institutions Fund (CDFI). The NMTC program allows individuals and corporate taxpayers to receive a credit against federal income taxes in exchange for making a qualified entity investment in a qualified active low-income community business (QALICB). In order to qualify for the credits various federal requirements must be complied with.

SLDC was required to create Community Development Entities (CDE) so as to demonstrate its mission of serving low-income residents and its accountability to the low income community. The NMTC program requires the credits to be transferred to the QALICB's by for-profit partnerships or corporations

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

for federal tax purposes. To comply with this provision, SLDC created 60 subsidiary CDEs – St. Louis New Markets Tax Credit Fund, LLC I through XL and 41 – 60 with the intent that each project to be allocated would be assigned its own CDE. The entire Round 2, Round 6, and Round 8 allocations have been sub-allocated to projects as of June 30, 2014. Seven of the Round 7 transactions have closed leaving just \$13,500 in remaining credits from that allocation. Seven of the Round 9 transactions have closed leaving just \$7,000 in remaining credits from that allocation. None of the Round 10 allocation (\$30,000) has been sub-allocated yet. The remaining \$50,500 in credits either are in underwriting or are committed to high impact projects in the City.

h. Component Units—SLDC

SLDC receives financial assistance from several federal, state, and local government agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the contract and grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become an SLDC liability. However, in the opinion of their management, any such disallowed claims will not have a material effect on the basic financial statements of SLDC at June 30, 2014.

25. RISK MANAGEMENT

a. Primary Government

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured with respect to its obligation to provide workers' compensation, general liability, unemployment benefits, and prescription drug coverage. Effective February 1, 2003, the City became self-insured for property damage caused by garbage and refuse trucks. The City has sovereign tort immunity from liability and suit for compensatory damages for negligent acts or omissions, except in the case of injuries arising out of the operation of City motor vehicles or caused by the condition of City property. The maximum claim settlement established by state statute for such claims is \$300 per person and \$2,000 per occurrence. Various claims and legal actions involving the City are presently pending. Additionally, a number of legal suits against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty. The City's policy is to record these claims in its government-wide financial statements when it is probable that a liability has been incurred and the amount can be reasonably estimated.

For workers' compensation and general liability, the estimated liability for payment of incurred (both reported and unreported) but unpaid claims and claim adjustment expenditures of \$45,825 at June 30, 2014, relating to these matters is recorded in the self-insurance internal service fund—PFPC. Of total workers' compensation liability, \$4,667 has been accrued for benefits to be paid for long-term medical care for officers seriously injured in the line of duty. Benefit payments for these cases amounted to approximately \$372 for the year ended June 30, 2014. The City obtains periodic funding valuations from a claims-servicing company managing the appropriate level of estimated claims liability. Enterprise funds reimburse PFPC on a cost-reimbursement basis.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

The City is self-insured for the prescription drug coverage provided to employees and retirees. The estimated liability for payment of incurred but unpaid claims and claim adjustment expenditures of \$612 at June 30, 2014 relating to such matters is recorded in the self-insurance internal service fund—health.

Additionally, as of June 30, 2014, the following claims were recorded/accrued within the noted funds because the claims are not accounted for within the PFPC internal service fund; General fund in the amount of \$1.

The City maintains a blanket surety bond covering all City employees through PFPC. In addition, the City purchases commercial insurance for property damage for large City buildings and some contents. Damage and liability coverage is applicable to the Airport. There were no significant changes in coverage for the year ended June 30, 2014 and, for the years ended June 30, 2014 and 2013 settlements did not exceed coverage.

Changes in the self-insurance claims liability for the years ended June 30, 2014 are as follows:

	<u>Beginning balance</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>Ending balance</u>
2014	\$ 40,899	25,572	(20,646)	45,825

Additionally, there is an estimate of general liability claims outstanding of \$11,017 which the City Counselor’s office has determined there is a reasonable possibility that a loss contingency may be incurred but no accrual has been made within the government-wide financial statements or fund financial statements because the loss is not both probable and estimateable.

26. GRANT LOAN PROGRAMS

The City’s general fund and grants fund include the activities of the CDA that, among other activities, makes loans to developers under the Housing Implementation Program. This program, which is administered for the City by certain financial institutions, provides funds to rehabilitate housing units for low- and moderate-income families. These loans typically are noninterest bearing, due in 25 years, and secured by a second deed of trust. CDA also made loans under the Urban Development Action Grant (UDAG) program to assist organizations with development projects within the City. These loans typically have a lower-than-market interest rate and payback periods ranging from 10 to 40 years after completion of the projects.

Any funds received from the repayments of these loans are to be spent by the City in accordance with Community Development Block Grant program regulations. Since repayment of the loans is dependent on the success of projects that involve considerable risk, collectability is not assured, and accordingly, the City reflects these loans as an expenditure of the grants fund in the year the loans are made. Any loan repayments are reflected as intergovernmental revenue (or deferred revenue if moneys have not been spent) in the year of receipt.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

27. COMPONENT UNIT—SLDC CONDUIT DEBT

SLDC facilitates the issuance of tax-exempt bonds for various private enterprises and government agencies. After the bonds are sold, the proceeds are typically used to purchase real estate or fund capital improvements for the respective entity. Since the entity is responsible for the repayment of the bonds, no liability is established on the SLDC's books. Therefore, transactions related to the leases and the related bond liability are not presented in SLDC's basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

28. FUND BALANCE

The following table displays the breakdown of fund balance by purpose in accordance with GASB Statement No. 54:

	<u>General fund</u>	<u>Capital projects fund</u>	<u>Grant funds</u>	<u>Other governmental fund</u>	<u>Total</u>
Nonspendable:					
Health and welfare	\$ —	—	—	10	10
Parks and recreation	—	—	—	1	1
Public safety	1,696	—	—	—	1,696
Other	841	—	3	—	844
Total Nonspendable	<u>2,537</u>	<u>—</u>	<u>3</u>	<u>11</u>	<u>2,551</u>
Restricted:					
Redevelopment	—	—	—	17,687	17,687
Streets and bridges	—	2,177	—	44	2,221
Public safety	1,978	5,696	2,513	—	10,187
Parks and recreation	—	30,041	—	1,807	31,848
Convention and tourism	—	3,622	—	—	3,622
Transportation	—	—	—	6,606	6,606
Debt service	14,030	3,947	—	18,308	36,285
Other	—	2,006	—	1,706	3,712
Total Restricted	<u>16,008</u>	<u>47,489</u>	<u>2,513</u>	<u>46,158</u>	<u>112,168</u>
Committed:					
Health and welfare	—	—	—	13,696	13,696
Streets and bridges	—	4,655	—	2,208	6,863
Public safety	—	402	—	7,514	7,916
Parks and recreation	—	8,703	—	2,173	10,876
Convention and tourism	—	—	—	3,949	3,949
Payroll reserve	8,054	—	—	—	8,054
Other	—	20,578	—	1,658	22,236
Total Committed	<u>8,054</u>	<u>34,338</u>	<u>—</u>	<u>31,198</u>	<u>73,590</u>
Assigned:					
Redevelopment	—	—	—	2,432	2,432
Health and welfare	—	—	—	2,084	2,084
Streets and bridges	—	—	—	26	26
Public safety	525	—	—	305	830
Parks and recreation	—	—	—	155	155
Convention and tourism	—	—	—	10	10
Other	5,996	—	—	41	6,037
Total Assigned	<u>6,521</u>	<u>—</u>	<u>—</u>	<u>5,053</u>	<u>11,574</u>
Unassigned	2,605	(24,025)	—	—	(21,420)
Total fund balance	<u>\$ 35,725</u>	<u>57,802</u>	<u>2,516</u>	<u>82,420</u>	<u>178,463</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

29. SUBSEQUENT EVENTS

a. Tax and Revenue Anticipation Notes

The City issues tax and revenue anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. On July 10, 2014, the City issued \$65,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on May 29, 2015 and bear interest at a rate of 2.00% per year.

b. Development and Tax Increment Revenue Notes

Subsequent to June 30, 2014, the City issued development and tax increment revenue notes totaling \$30,482 with interest rates ranging from 6.60% to 7.5%.

c. General Obligation Bonds Defeasance

On July 31, 2014, the City defeased \$1,635 of General Obligation Bonds Series 2005.

d. Loan Agreement with Forest Park Forever

An additional installment of \$1,320 was issued September 30, 2014 of the \$30 million Forest Park Taxable Subordinate Leasehold Revenue Improvement Bonds, Series 2013. As of this date, the total borrowed is \$6,720 of the \$30 million allowed by ordinance.

e. Firemen's Retirement System Contribution

In July 2014, the annual required contribution for the Firemen's System for the year ended September 30, 2013, as determined by the October 1, 2012 actuarial valuation, was recalculated by the Firemen's System actuary, as mutually agreed to by the City and the Firemen's System Plan. The recalculation recognized that all benefit accruals for years of service and salary increases after February 1, 2013 are frozen under the Firemen's System. The calculation further recognized that the Firefighter's Plan would bear the liability for all benefit accruals based upon years of service or salary increases after February 1, 2013. The mutual agreement was that once the recalculation was performed, the Firemen's System would transfer to the Firefighter's Plan \$6,883. In July 2014, the Firemen's System transferred \$6,883 of cash to the Firefighter's Plan.

f. Firemen's Retirement System Appeal Case

In September 2014, the appeals court affirmed the lower court's decision allowing the City to have two retirement plans for firefighters, Firemen's Retirement System and Firefighter's Retirement Plan. Subsequently, the appeals court denied the Firemen's System request to transfer the case to the Missouri Supreme Court. In October 2014, the Firemen's System made application directly to the Missouri Supreme Court to hear the case. No decision has been made at this time as to whether the court will accept the case.

g. Water Revenue Refunding Bonds

In July and November 2014, the Water Division drew down an additional \$411 and \$249, respectively, of the Series 2013 Water Revenue Bonds.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2014
(dollars in thousands)

h. Property Taxes

The City tax rate levied in November 2014 was \$1.6063 per \$100 (in dollars) of assessed valuation of which \$1.4733 (in dollars) is for the general fund and \$0.133 (in dollars) is for the debt service fund.

i. Qualified Energy Conservation Bonds

Subsequent to June 30, 2014, the City approved the issuance of \$3,900 of Qualified Energy Conservation Bonds, Series 2014 for the purpose of making low-interest loans for residential energy efficiency projects and public building energy conservation projects.

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Gross receipts	\$ 7,277	7,277	7,811	534
City earnings	155,427	155,427	154,537	(890)
Franchise	52,786	52,786	53,017	231
Sales	48,240	48,240	49,606	1,366
Property	56,370	56,370	56,414	44
Payroll	36,384	36,384	35,553	(831)
Motor vehicle	2,630	2,630	2,838	208
Other	718	718	926	208
Total taxes	<u>359,832</u>	<u>359,832</u>	<u>360,702</u>	<u>870</u>
Licenses and permits:				
Graduated business	6,763	6,763	6,320	(443)
Cigarette	1,468	1,468	1,614	146
Building division	6,190	6,190	7,015	825
Communication transmission	1,440	1,440	1,531	91
Liquor	484	484	521	37
Other	597	597	630	33
Motor vehicle	1,413	1,413	1,404	(9)
Total licenses and permits	<u>18,355</u>	<u>18,355</u>	<u>19,035</u>	<u>680</u>
Intergovernmental:				
Motor fuel tax allocation	8,100	8,100	8,085	(15)
Juvenile detention center	2,094	2,094	2,050	(44)
Public safety	7,241	7,241	5,049	(2,192)
Other intergovernmental	441	441	421	(20)
Total intergovernmental	<u>17,876</u>	<u>17,876</u>	<u>15,605</u>	<u>(2,271)</u>
Charges for services:				
Parks and recreation	363	363	300	(63)
Streets	17,109	17,109	16,026	(1,083)
Public safety	5,184	5,184	5,297	113
Health	763	763	765	2
Fee offices	6,827	6,827	5,970	(857)
Other	24	24	14	(10)
Services provided to other funds	4,342	4,342	4,470	128
Total charges for services	<u>34,612</u>	<u>34,612</u>	<u>32,842</u>	<u>(1,770)</u>
Court fines and forfeitures	<u>7,523</u>	<u>7,523</u>	<u>8,688</u>	<u>1,165</u>
Interest	<u>1</u>	<u>1</u>	<u>20</u>	<u>19</u>
Miscellaneous	<u>3,689</u>	<u>3,689</u>	<u>3,263</u>	<u>(426)</u>
Total revenues	<u>441,888</u>	<u>441,888</u>	<u>440,155</u>	<u>(1,733)</u>
EXPENDITURES				
Deficiency of revenues over expenditures	(34,392)	(34,392)	(27,542)	6,850
Other financing sources (uses):				
Transfers in	37,425	37,425	36,510	(915)
Transfers out	(13,218)	(13,218)	(15,381)	(2,163)
Total other financing sources (uses), net	<u>24,207</u>	<u>24,207</u>	<u>21,129</u>	<u>(3,078)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (10,185)</u>	<u>(10,185)</u>	<u>(6,413)</u>	<u>3,772</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual		Total Expenditures	Variance with Final Budget Positive (Negative)
			Personal Services	Other Expenditures		
General government:						
110 Board of Alderman	2,891	2,891	2,684	153	2,837	54
120 Mayor's Office	1,863	1,863	1,609	165	1,774	89
123 Department of Personnel	2,873	3,752	3,159	306	3,465	287
124 Registrar	178	178	172	6	178	—
126 Civil Rights Enforcement Agency	314	314	320	4	324	(10)
127 Information Technology Service Agency	5,460	5,460	3,172	1,836	5,008	452
137 Division of the Budget	435	435	417	5	422	13
139 City Counselor	5,242	5,836	3,399	2,456	5,855	(19)
141 Planning and Urban Design	111	111	113	—	113	(2)
160 Comptroller	8,040	8,040	4,519	3,713	8,232	(192)
162 Municipal Garage	332	346	280	39	319	27
163 Microfilm Section	345	345	288	40	328	17
170 Supply Commissioner	691	691	687	9	696	(5)
171 Multigraph Section	887	947	619	203	822	125
330 Tax Equalization Board	12	12	5	1	6	6
333 Recorder of Deeds	2,676	2,676	2,284	259	2,543	133
334 Election and Registration	2,657	2,657	1,753	648	2,401	256
340 Treasurer	768	768	643	18	661	107
Prior year encumbrance	1,573	1,573	—	525	525	1,048
Sub total general government	37,348	38,895	26,123	10,386	36,509	2,386
190 City-Wide Accounts	6,917	6,225	5,816	1,717	7,533	(1,308)
Prior year encumbrance	—	—	—	—	—	—
Sub total city-wide accounts	6,917	6,225	5,816	1,717	7,533	(1,308)
Total general government	44,265	45,120	31,939	12,103	44,042	1,078
Convention and tourism:						
930 Soldier's Memorial Building	149	149	118	1	119	30
Total convention and tourism	149	149	118	1	119	30
Parks and recreation:						
210 Director of Parks, Recreation and Forestry	516	557	495	34	529	28
213 Division of Recreation	1,435	1,435	1,293	128	1,421	14
214 Division of Forestry	8,125	8,125	6,933	854	7,787	338
220 Division of Parks	8,386	8,386	7,531	733	8,264	122
225 Soulard Market	234	234	124	67	191	43
250 Tower Grove Park	700	700	—	700	700	—
Total parks and recreation	19,396	19,437	16,376	2,516	18,892	545

(continued)

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual		Variance with Final Budget Positive (Negative)	
			Personal Services	Other Expenditures		
			Expenditures	Total Expenditures		
Judicial:						
310 Circuit Court (Circuit Judges)	\$ 1,006	1,013	143	726	869	144
311 Circuit Court (General)	7,452	7,439	4,372	2,461	6,833	606
312 Circuit Attorney	7,149	7,149	6,639	509	7,148	1
313 Board of Jury Supervisors	1,424	1,430	419	915	1,334	96
314 Probate Court	—	—	—	—	—	—
315 Sheriff	9,266	9,266	8,827	339	9,166	100
316 City Courts	2,619	2,619	2,031	524	2,555	64
317 City Marshal	1,394	310	311	—	311	(1)
320 Probation Department and Juvenile Detention Center	16,717	16,717	14,572	1,337	15,909	808
321 Drug Court	214	214	—	116	116	98
Prior year encumbrance	285	285	—	184	184	101
Total judicial	47,526	46,442	37,314	7,111	44,425	2,017
Streets:						
510 Director of Streets	1,235	1,235	1,160	50	1,210	25
511 Transportation and Traffic Division	9,224	9,224	4,700	4,470	9,170	54
513 Auto Towing and Storage	1,714	1,714	1,443	227	1,670	44
514 Street Division	7,199	7,199	4,914	2,209	7,123	76
516 Refuse Division	14,961	14,920	7,272	6,945	14,217	703
Prior year encumbrance	—	—	—	—	—	—
Total streets	34,333	34,292	19,489	13,901	33,390	902
Public safety - fire:						
611 Fire Department Operations	52,109	52,109	50,024	2,815	52,839	(730)
612 Firemen's Retirement System	18,321	18,321	18,321	—	18,321	—
Total public safety - fire	70,430	70,430	68,345	2,815	71,160	(730)
Public safety - police:						
650 Police Department	119,658	112,604	101,039	8,772	109,811	2,793
651 Police Retirement System	30,576	30,576	30,564	—	30,564	12
Prior year encumbrance	9,224	9,224	3,122	4,457	7,579	1,645
Total police	159,458	152,404	134,725	13,229	147,954	4,450

(continued)

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
Public safety - other:						
610 Director of Public Safety	\$ 616	628	545	82	627	1
614 Office of Special Events	178	178	180	—	180	(2)
616 Excise Commissioner	439	439	427	16	443	(4)
620 Building Commissioner	7,661	7,661	7,122	465	7,587	74
622 Neighborhood Stabilization	2,644	2,644	2,585	124	2,709	(65)
625 City Emergency Management Agency	166	166	193	15	208	(42)
632 Medium Security Institution	15,872	15,649	9,902	5,397	15,299	350
633 City Jail	21,746	21,982	15,903	5,903	21,806	176
Total public safety-other	49,322	49,347	36,857	12,002	48,859	488
Health and welfare:						
335 Medical Examiner	1,979	1,979	874	1,065	1,939	40
800 Director of Human Services	1,334	1,334	1,215	90	1,305	29
Total health and welfare	3,313	3,313	2,089	1,155	3,244	69
Public services:						
900 President's Office, Board of Public Services	2,620	2,620	2,510	153	2,663	(43)
903 Building Operations	10,271	13,422	3,706	10,116	13,822	(400)
910 Equipment Services Division	9,483	12,898	6,419	6,458	12,877	21
Total public services	22,374	28,940	12,635	16,727	29,362	(422)
Debt service:						
Principal	18,157	18,834	—	18,834	18,834	—
Interest and fiscal charges	7,557	7,572	—	7,416	7,416	156
Total debt service	25,714	26,406	—	26,250	26,250	156
Total expenditures	\$ 476,280	476,280	359,887	107,810	467,697	8,583

See accompanying independent auditors' report.

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund – UNAUDITED
For the Year ended June 30, 2014
(Dollars in thousands)

1. EXPLANATION OF BUDGETARY PROCESS

The City prepares annual budgets for the general fund, the debt service fund, the capital projects fund, and the following nonmajor special revenue funds: use tax fund, transportation fund, convention and tourism fund, licensed gaming program fund, assessor's office fund, lateral sewer program fund, tax increment financing fund, communications division fund, public safety trust fund, public safety sales tax fund, parks and recreation and other budgeted special revenue fund. An annual budget is not prepared for the grants major special revenue fund.

The City follows the procedures outlined below in establishing the budgetary data:

- 1) On or before 60 days prior to the start of each fiscal year, the Budget Director submits to the Board of Estimate and Apportionment (E&A), which consists of the Mayor, the Comptroller, and the President of the Board of Aldermen, for approval and submission to the Board of Aldermen (Board), a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them at the sub-fund level. A public hearing is held by E&A in order to afford citizens an opportunity to be heard on the proposed budget. The Board may reduce any item, except amounts fixed by state statute or for the payment of principal or interest of the City debt or for meeting any ordinance obligations, but may not increase such amount nor insert new items. Expenditures may not legally exceed appropriations at the fund level; however, supplemental appropriations may be made by the Board.
- 2) The annual operating budgets are adopted by the affirmative vote of a majority of the members of the Board and approval by the Mayor on or before the last day of the preceding budget year. In the event the Board has not acted upon the proposed budget ordinance by this time, the budgets, as recommended by E&A or in its absence, the submission by the Budget Director, shall be considered to be adopted and approved by the Board.
- 3) During the year, with the approval of E&A, the City may transfer part or all of any encumbered appropriation balance among programs within a department, office, or agency, without approval of the Board. Legislative action is required by the Board when the budget for an entire fund is to be increased. The amount of such transfers during the year was not significant.
- 4) If it is determined that there are revenues in excess of those estimated in the budget that are available for appropriation, the Board may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.
- 5) At the end of each budget period, all unencumbered appropriated balances lapse, with the exception of appropriations for capital improvements that lapse upon completion of the related capital improvement project.

Schedule 2, Continued

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund – UNAUDITED (continued)
For the year ended June 30, 2014
(Dollars in thousands)

2. **EXPLANATION OF THE DIFFERENCES BETWEEN THE EXCESS/(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES—BUDGET BASIS AND NET CHANGE IN FUND BALANCE—GAAP BASIS**

The City's budgetary process is based upon accounting for certain transactions on a basis other than accounting principles generally accepted for governmental entities in the United States of America (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund in accordance with the budget basis of accounting.

The major differences between the budget and GAAP bases of accounting are:

- 1) Revenues are recorded when received in cash (budget), as opposed to when they are measurable and available (GAAP).
- 2) Expenditures are recorded when paid (budget), as opposed to when the obligation is incurred (GAAP).
- 3) Certain activities and funds of the general, special revenue, and capital projects fund types are not included in the annual operating budgets adopted by the Board.

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses from the GAAP basis to the budget basis of accounting are as follows:

Budget basis	\$ (6,413)
Increase (decrease) due to:	
Revenue accruals	15,285
Expenditure accruals	(49,427)
Unbudgeted activities and funds	<u>16,897</u>
GAAP basis	<u><u>\$ (23,658)</u></u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2014

(dollars in thousands)

Firemen's Retirement System of St. Louis

The following required supplementary information relates to the Firemen's Retirement System of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/13	\$ 459,116	\$ 459,116	\$ -	100.0%	\$ 34,266	0.0%
10/1/12	427,124	453,529	26,405	94.2	36,013	73.3
10/1/11	404,101	430,755	26,654	93.8	37,157	71.7

Firefighters' Retirement Plan of City of St. Louis

The following required supplementary information relates to the Firefighters' Retirement Plan of City of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/13	\$ 1,505	\$ 59,755	\$ 58,250	2.5%	\$ 34,979	166.5%

City of St. Louis, Missouri
Retirement Systems and Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2014
(dollars in thousands)

Police's Retirement System of St. Louis

The following required supplementary information relates to the Police's Retirement System of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/13	\$ 690,731	\$ 879,907	\$ 189,176	78.5%	\$ 70,328	269.0%
10/1/12	674,080	864,762	190,682	77.9	70,077	272.1
10/1/11	695,422	855,618	160,196	81.3	67,594	237.0

Note: The actuarial required contribution for the Police's Retirement System is calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

Employees' Retirement System of the City of St. Louis

The following required supplementary information relates to the Employees' Retirement System of the City of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/13	\$ 685,397	\$ 889,449	\$ 204,051	77.1%	\$ 224,623	90.8%
10/1/12	653,002	866,891	213,889	75.3	224,822	95.1
10/1/11	661,932	841,763	179,831	78.6	223,061	80.6

Schedule 3, Continued

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2014
(dollars in thousands)

Other Postemployment Benefits Plan

The following required supplementary information relates to postemployment benefits plan.

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/13	—	\$ 490,773	\$ 490,773	0.0	\$ 88,828	552.5%
7/1/11	—	443,392	443,392	0.0	93,289	475.3
7/1/09	—	243,709	243,709	0.0	95,706	254.6

See accompanying independent auditors' report.





Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Use Tax – Used to record revenue received from the local use tax and expenditures made to promote health and welfare activities.

Transportation – Used to record sales tax revenue and expenditures for transportation purposes.

Convention and Tourism – Used to record revenue received from the one-cent restaurant tax, 3½% hotel tax, and football admission gross receipts and expenditures made to promote convention and tourism activities.

Licensed Gaming Program – Used to record revenue received from adjusted gross receipts and admissions taxes imposed on riverboat gaming excursion boats.

Assessor's Office – Used to account for financial assistance received from the State of Missouri, commissions received from the collection of property taxes, and expenditures made to operate the Assessor's office.

Lateral Sewer Program – Used to account for revenue received from charges on specific residential support within the boundaries of the City of St. Louis and expenditures made to repair lateral sewer service lines leading from the residential properties to any sewer main that is maintained by the Metropolitan St. Louis Sewer District.

Collector of Revenue – Used to account for operating receipts and disbursements of the Collector of Revenue's office.

Development Projects Financing – Used to account for the revenues, expenditures, and other activities relating to the tax increment financing districts and other development pledged revenues.

State Subsidized Redevelopment Projects – Used to record the activity relating to funding associated with state subsidized redevelopment projects using super tax increment financing funds or Missouri Downtown Economic Stimulus Act (MODESA) funding.

License Collector – Used to account for the operating receipts and disbursements of the License Collector's office.

Demolition and Board-up – Used to record revenue received from the City's insurance recovery program relative to its building demolition activities.

Public Safety Trust Fund – Used to account for revenues derived from an increase in the graduated business license to be used for enhanced public safety.

Public Safety Sales Tax – Used to account for revenues received from an increase of sales tax to be used for public safety.

Parks and Recreation – Used to account for revenues designated for parks and recreation.

Other Budgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are adopted.

Nonmajor Governmental Funds

Other Nonbudgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are not adopted.

Debt Service Fund

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

City of St. Louis, Missouri
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014
 (dollars in thousands)

	Special revenue								
	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue	Development Projects Financing	State Subsidized Redevelopment Projects
Assets									
Cash and cash equivalents:									
Restricted	—	—	—	—	—	—	—	—	—
Unrestricted	11,075	—	874	—	287	1,746	444	3,144	14
Investments:									
Restricted	—	—	—	—	—	—	—	—	—
Unrestricted	739	—	59	—	19	69	—	3,737	274
Receivables, net of allowances:									
Taxes	5,364	7,014	3,345	758	—	—	—	16,188	578
Licenses and permits	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	336	136
Charges for services	—	—	—	—	—	824	—	—	—
Other	—	—	—	—	—	—	—	—	—
Due from component unit	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	4,088	1,001
Total assets	17,178	7,014	4,278	758	306	2,639	444	39,970	6,117
Liabilities, Deferred Inflow of Resources, and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	1,013	—	—	100	1	126	—	47	—
Accrued salaries and other benefits	420	—	—	—	165	19	—	66	—
Due to component units	—	—	—	—	—	—	—	—	—
Due to other funds	4	408	353	668	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	—	—
Total liabilities	1,437	408	353	768	166	145	—	113	—
Deferred inflow of resources	—	—	—	—	—	707	—	15,727	700
Total liabilities and deferred inflow of resources	1,437	408	353	768	166	852	—	15,840	700
Fund balances:									
Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	—	6,606	—	(147)	140	—	444	21,698	5,417
Committed	13,691	—	3,925	—	—	1,787	—	—	—
Assigned	2,050	—	—	137	—	—	—	2,432	—
Unassigned	—	—	—	—	—	—	—	—	—
Total fund balances	15,741	6,606	3,925	(10)	140	1,787	444	24,130	5,417
Total liabilities, deferred inflow of resources, and fund balances	17,178	7,014	4,278	758	306	2,639	444	39,970	6,117

(Continued)

City of St. Louis, Missouri
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014
 (dollars in thousands)

	Special revenue							Total Other Governmental Fund		
	License Collector	Demolition and Board-up	Public Safety Fund	Public Safety Sales Tax	Parks and Recreation	Budgeted Special Revenue	Nonbudgeted Special Revenue		Total Special Revenue	Debt Service Fund
Assets										
Cash and cash equivalents:										
Restricted	1,950	—	201	—	851	—	—	4,009	1,788	5,797
Unrestricted	—	2,069	—	1,623	1,414	3,036	2,516	43,046	—	43,046
Investments:										
Restricted	—	—	13	108	640	—	—	4,377	5,000	9,377
Unrestricted	—	138	—	—	95	201	617	3,112	—	3,112
Receivables, net of allowances:										
Taxes	—	—	—	3,505	877	1,668	—	39,297	7,201	46,498
Licenses and permits	—	—	227	—	—	4	—	231	—	231
Intergovernmental	—	—	—	—	—	162	—	634	—	634
Charges for services	—	—	—	—	—	1,070	6	1,900	—	1,900
Other	—	199	—	—	—	1	31	231	—	231
Due from component unit	—	—	—	—	—	326	—	326	—	326
Due from other funds	—	—	—	—	—	—	—	5,089	—	5,089
Total assets	1,950	2,406	441	5,236	3,877	6,468	3,170	102,252	13,989	116,241
Liabilities, Deferred Inflow of Resources, and Fund Balances										
Liabilities:										
Accounts payable and accrued liabilities	—	—	—	159	122	273	11	1,852	—	1,852
Accrued salaries and other benefits	—	—	39	2	145	265	51	1,172	—	1,172
Due to component units	—	—	—	—	—	—	979	979	—	979
Due to other funds	—	—	—	418	119	—	—	1,970	—	1,970
Unearned revenue	—	—	—	—	—	2,488	—	2,488	—	2,488
Total liabilities	—	—	39	579	386	3,026	1,041	8,461	—	8,461
Deferred inflow of resources	—	199	88	—	—	792	—	18,213	7,147	25,360
Total liabilities and deferred inflow of resources	—	199	127	579	386	3,818	1,041	26,674	7,147	33,821
Fund balances:										
Nonspendable	—	—	—	—	—	—	11	11	—	11
Restricted	1,950	—	—	—	1,688	674	846	39,316	6,842	46,158
Committed	—	2,193	314	4,657	1,803	1,882	946	31,198	—	31,198
Assigned	—	14	—	—	—	94	326	5,053	—	5,053
Unassigned	—	—	—	—	—	—	—	—	—	—
Total fund balances	1,950	2,207	314	4,657	3,491	2,650	2,129	75,578	6,842	82,420
Total liabilities, deferred inflow of resources, and fund balances	1,950	2,406	441	5,236	3,877	6,468	3,170	102,252	13,989	116,241

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year ended June 30, 2014
 (dollars in thousands)

	Special revenue								
	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue	Development Projects Financing	State Subsidized Redevelopment Projects
Revenues:									
Taxes	\$ 31,843	38,355	13,643	7,660	2,139	—	—	24,364	2,767
Licenses and permits	—	—	—	—	420	—	—	1,480	804
Intergovernmental	—	—	—	—	5	2,617	7,711	—	—
Charges for services, net	5	—	—	—	—	1	6	(10)	—
Investment income	—	—	—	—	—	—	332	616	1,512
Miscellaneous	40	—	—	—	—	—	—	—	—
Total	31,888	38,355	13,643	7,660	2,564	2,618	8,049	26,450	5,083
Expenditures:									
General government	127	—	165	—	4,178	—	8,466	865	—
Convention and tourism	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—	—	—	—
Judicial	—	—	—	—	—	—	—	—	—
Streets	672	—	—	—	—	—	—	—	—
Public safety:									
Fire	—	—	—	8	—	—	—	—	—
Police	9,840	—	—	3,200	—	—	—	—	—
Other	2,958	—	—	—	—	—	—	—	—
Health and welfare	16,737	—	—	—	—	—	—	—	—
Public services	—	36,911	—	34	—	2,710	—	—	—
Community development	—	—	—	—	—	—	—	7,910	10,398
Capital outlay	—	—	—	79	—	—	—	—	—
Debt service:									
Principal	—	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	6,938	2,890
Total expenditures	30,334	36,911	165	3,321	4,178	2,710	8,466	15,852	588
Excess (deficiency) of revenues over expenditures	1,554	1,444	13,478	4,339	(1,614)	(92)	(417)	(5,115)	(8,793)
Other financing sources (uses):									
Issuance of tax increment revenue notes	—	—	—	—	—	—	—	4,802	6,050
Transfers in	(613)	—	(13,850)	(4,800)	(48)	(5)	(75)	295	—
Transfers out	(613)	—	(13,850)	(4,800)	1,602	(5)	(75)	(1,185)	(295)
Total other financing sources (uses), net	941	1,444	(372)	(461)	(12)	(97)	(492)	3,912	5,755
Net change in fund balances	—	—	—	—	—	—	—	(1,203)	(3,038)
Fund balances:									
Beginning of year	14,800	5,162	4,297	451	152	1,884	936	25,333	8,455
End of year	15,741	6,606	3,925	(10)	140	1,787	444	24,130	5,417

(Continued)

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year ended June 30, 2013
 (dollars in thousands)

	License Collector	Demolition and Board-up	Public Safety Fund	Public Safety Sales Tax	Parks and Recreation	Other Budgeted Special Revenue	Other Nonbudgeted Special Revenue	Total Special Revenue	Debt Service Fund	Total Other Governmental Fund
Revenues:										
Taxes	—	—	—	18,583	4,628	18,978	—	162,960	6,814	169,774
Licenses and permits	—	—	2,923	—	—	3,802	—	6,725	—	6,725
Intergovernmental	—	—	—	—	—	506	110	3,320	—	3,320
Charges for services, net	2,118	5	—	—	—	4,381	567	17,404	—	17,404
Investment income	—	—	—	(5)	—	—	1	(2)	(3)	(5)
Miscellaneous	—	1,025	—	646	2,000	—	1,009	10,534	—	10,534
Total	2,118	1,030	2,923	19,229	6,623	31,021	1,687	200,941	6,811	207,752
Expenditures:										
General government	1,868	—	504	—	—	1,553	304	18,030	—	18,030
Convention and tourism	—	—	—	—	—	—	4	4	—	4
Parks and recreation	—	29	—	—	4,465	1,229	98	5,821	—	5,821
Judicial	—	—	500	146	—	2,352	287	3,285	—	3,285
Streets	—	—	—	—	—	240	80	992	—	992
Public safety:										
Fire	—	—	—	825	—	—	36	869	—	869
Police	—	—	2,100	6,608	—	946	1	22,695	—	22,695
Other	—	940	—	568	—	3,059	48	7,573	—	7,573
Health and welfare	—	—	—	—	—	318	17	17,072	—	17,072
Public services	—	—	—	—	—	—	63	39,718	—	39,718
Community development	—	—	—	—	—	—	—	18,308	—	18,308
Capital outlay	—	—	—	—	—	(27)	—	52	—	52
Debt service:										
Principal	—	—	—	3,336	1,065	603	—	14,832	6,920	21,752
Interest and fiscal charges	—	—	—	6,035	2,234	—	—	24,709	1,763	26,472
Total expenditures	1,868	969	3,104	17,518	7,764	10,273	938	173,960	8,683	182,643
Excess (deficiency) of revenues over expenditures	250	61	(181)	1,711	(1,141)	20,748	749	26,981	(1,872)	25,109
Other financing sources (uses):										
Issuance of tax increment revenue notes	—	—	—	—	—	—	—	10,852	—	10,852
Transfers in	(18)	—	(14)	(1)	2,143	733	10	4,831	1	4,832
Transfers out	(18)	—	(14)	(1)	(18)	(19,169)	(44)	(40,135)	—	(40,135)
Total other financing sources (uses), net	—	—	(14)	(1)	2,125	(18,436)	(34)	(24,452)	1	(24,451)
Net change in fund balances	232	61	(195)	1,710	984	2,312	715	2,529	(1,871)	658
Fund balances:										
Beginning of year	1,718	2,146	509	2,947	2,507	338	1,414	73,049	8,713	81,762
End of year	1,950	2,207	314	4,657	3,491	2,650	2,129	75,578	6,842	82,420

See accompanying independent auditors' report.

City of St. Louis, Missouri
Use Tax Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 29,800	29,800	31,367	1,567
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	50	50	5	(45)
Miscellaneous	—	—	40	40
Total revenues	<u>29,850</u>	<u>29,850</u>	<u>31,412</u>	<u>1,562</u>
Expenditures:				
Current:				
General government	128	128	128	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	690	690	682	8
Public safety:				
Fire	—	—	—	—
Police	9,840	9,840	9,840	—
Other	3,236	3,236	3,085	151
Health and welfare	24,678	24,678	16,409	8,269
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>38,572</u>	<u>38,572</u>	<u>30,144</u>	<u>8,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,722)</u>	<u>(8,722)</u>	<u>1,268</u>	<u>9,990</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(500)	(500)	(500)	—
	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>—</u>
Net change in fund balances	<u>\$ (9,222)</u>	<u>(9,222)</u>	<u>768</u>	<u>9,990</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Transportation Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 40,130	40,130	36,958	(3,172)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>40,130</u>	<u>40,130</u>	<u>36,958</u>	<u>(3,172)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	40,130	40,130	36,911	3,219
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>40,130</u>	<u>40,130</u>	<u>36,911</u>	<u>3,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>47</u>	<u>47</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>47</u>	<u>47</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Convention and Tourism Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,742	12,742	13,427	685
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>12,742</u>	<u>12,742</u>	<u>13,427</u>	<u>685</u>
Expenditures:				
Current:				
General government	135	165	165	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>135</u>	<u>165</u>	<u>165</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,607</u>	<u>12,577</u>	<u>13,262</u>	<u>685</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(13,850)	(13,820)	(13,850)	(30)
	<u>(13,850)</u>	<u>(13,820)</u>	<u>(13,850)</u>	<u>(30)</u>
Net change in fund balances	<u>\$ (1,243)</u>	<u>(1,243)</u>	<u>(588)</u>	<u>655</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Licensed Gaming Program Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,815	8,815	7,624	(1,191)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	1	1	—	(1)
Miscellaneous	—	—	—	—
Total revenues	<u>8,816</u>	<u>8,816</u>	<u>7,624</u>	<u>(1,192)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	32	32	8	24
Police	3,200	3,200	3,200	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	1,170	1,170	13	1,157
Debt service	—	—	—	—
Total expenditures	<u>4,402</u>	<u>4,402</u>	<u>3,221</u>	<u>1,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,414</u>	<u>4,414</u>	<u>4,403</u>	<u>(11)</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(4,800)	(4,800)	(4,800)	—
	<u>(4,800)</u>	<u>(4,800)</u>	<u>(4,800)</u>	<u>—</u>
Net change in fund balances	<u>\$ (386)</u>	<u>(386)</u>	<u>(397)</u>	<u>(11)</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Assessor's Office Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,020	2,020	2,139	119
Licenses and permits	—	—	—	—
Intergovernmental	417	417	420	3
Charges for service, net	8	8	5	(3)
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>2,445</u>	<u>2,445</u>	<u>2,564</u>	<u>119</u>
Expenditures:				
Current:				
General government	4,220	4,220	4,216	4
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>4,220</u>	<u>4,220</u>	<u>4,216</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,775)</u>	<u>(1,775)</u>	<u>(1,652)</u>	<u>123</u>
Other financing sources (uses):				
Transfers in	1,650	1,650	1,650	—
Transfers out	—	—	—	—
	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>	<u>—</u>
Net change in fund balances	<u>\$ (125)</u>	<u>(125)</u>	<u>(2)</u>	<u>123</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Lateral Sewer Program Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	2,500	2,500	2,610	110
Court fines and forfeitures	—	—	—	—
Investment income	40	40	1	(39)
Miscellaneous	—	—	—	—
Total revenues	<u>2,540</u>	<u>2,540</u>	<u>2,611</u>	<u>71</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	2,891	2,891	2,706	185
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>2,891</u>	<u>2,891</u>	<u>2,706</u>	<u>185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(351)</u>	<u>(351)</u>	<u>(95)</u>	<u>256</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ (351)</u>	<u>(351)</u>	<u>(95)</u>	<u>256</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Development Projects Financing Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 25,575	25,575	25,575	—
Licenses and permits	—	—	—	—
Intergovernmental	1,468	1,468	1,468	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	8	8	8	—
Miscellaneous	616	616	616	—
Total revenues	<u>27,667</u>	<u>27,667</u>	<u>27,667</u>	<u>—</u>
Expenditures:				
Current:				
General government	884	884	865	(19)
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Community Development	7,866	7,866	7,866	—
Capital outlay	—	—	—	—
Debt service	22,840	22,840	22,840	—
Total expenditures	<u>31,590</u>	<u>31,590</u>	<u>31,571</u>	<u>19</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,923)</u>	<u>(3,923)</u>	<u>(3,904)</u>	<u>19</u>
Other financing sources (uses):				
Proceeds net of refunding	4,802	4,802	4,802	—
Transfers in	295	295	295	—
Transfers out	(1,192)	(1,192)	(1,192)	—
	<u>3,905</u>	<u>3,905</u>	<u>3,905</u>	<u>—</u>
Net change in fund balances	<u>\$ (18)</u>	<u>(18)</u>	<u>1</u>	<u>19</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
State Subsidized Redevelopment Projects Financing Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,008	2,008	2,008	—
Licenses and permits	—	—	—	—
Intergovernmental	778	778	778	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	1,512	1,512	1,512	—
Total revenues	<u>4,298</u>	<u>4,298</u>	<u>4,298</u>	<u>—</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Community Development	10,398	10,398	10,398	—
Capital outlay	—	—	—	—
Debt service	3,478	3,478	3,478	—
Total expenditures	<u>13,876</u>	<u>13,876</u>	<u>13,876</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,578)</u>	<u>(9,578)</u>	<u>(9,578)</u>	<u>—</u>
Other financing sources (uses):				
Proceeds net of refunding	6,050	6,050	6,050	—
Transfers in	—	—	—	—
Transfers out	(295)	(295)	(295)	—
	<u>5,755</u>	<u>5,755</u>	<u>5,755</u>	<u>—</u>
Net change in fund balances	<u>\$ (3,823)</u>	<u>(3,823)</u>	<u>(3,823)</u>	<u>—</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Public Safety Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	3,062	3,062	2,905	(157)
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>3,062</u>	<u>3,062</u>	<u>2,905</u>	<u>(157)</u>
Expenditures:				
Current:				
General government	557	557	513	44
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	562	562	502	60
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	2,100	2,100	2,100	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>3,219</u>	<u>3,219</u>	<u>3,115</u>	<u>104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157)</u>	<u>(157)</u>	<u>(210)</u>	<u>(53)</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ (157)</u>	<u>(157)</u>	<u>(210)</u>	<u>(53)</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Public Safety Sales Tax Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,370	17,370	17,960	590
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>17,370</u>	<u>17,370</u>	<u>17,960</u>	<u>590</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	313	313	161	152
Streets	—	—	—	—
Public safety:				
Fire	825	825	825	—
Police	6,608	6,608	6,608	—
Other	1,357	1,357	565	792
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	8,727	8,727	8,725	2
Total expenditures	<u>17,830</u>	<u>17,830</u>	<u>16,884</u>	<u>946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(460)</u>	<u>(460)</u>	<u>1,076</u>	<u>1,536</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ (460)</u>	<u>(460)</u>	<u>1,076</u>	<u>1,536</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Parks & Recreation Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 4,329	4,329	4,473	144
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	2,000	2,000	2,000	—
Total revenues	<u>6,329</u>	<u>6,329</u>	<u>6,473</u>	<u>144</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	5,233	5,233	4,459	774
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	117	117	—	117
Debt service	2,940	2,940	2,189	751
Total expenditures	<u>8,290</u>	<u>8,290</u>	<u>6,648</u>	<u>1,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,961)</u>	<u>(1,961)</u>	<u>(175)</u>	<u>1,786</u>
Other financing sources (uses):				
Transfers in	400	400	400	—
Transfers out	—	—	—	—
	<u>400</u>	<u>400</u>	<u>400</u>	<u>—</u>
Net change in fund balances	<u>\$ (1,561)</u>	<u>(1,561)</u>	<u>225</u>	<u>1,786</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Other Budgeted Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 13,538	18,318	18,890	572
Licenses and permits	2,887	2,887	3,803	916
Intergovernmental	416	416	487	71
Charges for service, net	5,646	5,646	5,630	(16)
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	2,917	2,917	2,939	22
Total revenues	<u>25,404</u>	<u>30,184</u>	<u>31,749</u>	<u>1,565</u>
Expenditures:				
Current:				
General government	1,650	1,650	1,577	73
Convention and tourism	—	—	—	—
Parks and recreation	1,476	1,476	1,214	262
Judicial	2,954	2,954	2,329	625
Streets	273	273	237	36
Public safety:				
Fire	—	—	—	—
Police	1,347	1,347	1,088	259
Other	3,143	3,352	3,061	291
Health and welfare	762	763	275	488
Public service	678	678	—	678
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>12,283</u>	<u>12,493</u>	<u>9,781</u>	<u>2,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,121</u>	<u>17,691</u>	<u>21,968</u>	<u>4,277</u>
Other financing sources (uses):				
Transfers in	750	750	733	(17)
Transfers out	(15,870)	(21,370)	(20,403)	967
	<u>(15,120)</u>	<u>(20,620)</u>	<u>(19,670)</u>	<u>950</u>
Net change in fund balances	<u>\$ (1,999)</u>	<u>(2,929)</u>	<u>2,298</u>	<u>5,227</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Debt Service Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 6,412	6,412	6,812	400
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	4	4	4	—
Miscellaneous	—	—	—	—
Total revenues	<u>6,416</u>	<u>6,416</u>	<u>6,816</u>	<u>400</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	8,736	8,736	8,684	52
Total expenditures	<u>8,736</u>	<u>8,736</u>	<u>8,684</u>	<u>52</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,320)</u>	<u>(2,320)</u>	<u>(1,868)</u>	<u>452</u>
Other financing sources (uses):				
Transfers in	—	—	1	1
Transfers out	—	—	—	—
Net change in fund balances	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>\$ (2,320)</u>	<u>(2,320)</u>	<u>(1,867)</u>	<u>453</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Capital Projects Fund – Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2014
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 20,176	20,176	21,112	936
Licenses and permits	—	—	—	—
Intergovernmental	630	630	630	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	242	242	246	4
	<u>21,048</u>	<u>21,048</u>	<u>21,988</u>	<u>940</u>
Total revenues				
Expenditures:				
Current:				
General government	651	521	—	521
Convention and tourism	—	—	—	—
Parks and recreation	2,858	3,361	1,147	2,214
Judicial	—	—	—	—
Streets	4,315	4,940	3,075	1,865
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	10,847	10,466	2,547	7,919
Capital outlay	18,745	23,285	7,204	16,081
Debt service	24,197	24,407	24,168	239
	<u>61,613</u>	<u>66,980</u>	<u>38,141</u>	<u>28,839</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(40,565)</u>	<u>(45,932)</u>	<u>(16,153)</u>	<u>29,779</u>
Other financing sources (uses):				
Sale of general fixed assets	325	325	12	(313)
Transfers in	15,898	21,398	23,259	1,861
Transfers out	(1,848)	(1,981)	(1,911)	70
	<u>14,375</u>	<u>19,742</u>	<u>21,360</u>	<u>1,618</u>
Net change in fund balances	<u>\$ (26,190)</u>	<u>(26,190)</u>	<u>5,207</u>	<u>31,397</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
 Schedule of Reconciling Items Between Change in Fund Balances—Budget Basis and Change in Fund Balances—GAAP Basis
 Year ended June 30, 2014
 (dollars in thousands)

	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Services Program	Development Projects Financing	State Subsidized Recreation Projects	Public Safety Fund	Public Safety Fund	Parks and Recreation	Other Budgeted Services Revenue	Debt Service Fund	Capital Projects Fund
Net change in fund balances—budget basis	\$ 768	47	(588)	(397)	(2)	(95)	1	(3,823)	(210)	1,076	225	2,298	(1,867)	5,207
Differences—budget to GAAP:														
Revenues are recorded when received in cash on a budget basis. However, revenues are recorded when measurable and available on a GAAP basis.	476	1,397	216	36	—	7	(1,134)	785	18	623	798	(1,174)	(5)	1,144
Expenditures are recorded when paid in cash on a budget basis. However, expenditures are recorded when the obligation is incurred on a GAAP basis.	(303)	—	—	(100)	(10)	(9)	(70)	—	(3)	11	(39)	1,188	—	(148)
Certain activities and accounts, which are included within the funds on a GAAP basis, are not included within the annual operating budgets adopted by the Board of Aldermen.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net change in fund balances—GAAP basis	\$ 941	1,444	(372)	(461)	(12)	(97)	(1,203)	(3,038)	(195)	1,710	984	2,312	(1,871)	24,746
														30,949

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Public Facilities Protection Corporation – Used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds.

Mailroom Services – Used to account for mail handling services provided to other funds.

Health – Used to account for payment of prescription drug claims for participants.

Equipment Services – Used to account for fuel services provided to other funds.

City of St. Louis, Missouri
Combining Statement of Net Position
Internal Service Funds
June 30, 2014
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Assets					
Current assets:					
Cash and cash equivalents – unrestricted	\$ —	67	802	—	869
Investments – unrestricted	—	5	54	—	59
Receivable, net of allowances:					
Prepaid assets	841	30	—	—	871
Due from other funds	5,500	7	294	397	6,198
Due from component unit	—	4	—	—	4
Advance from other funds	39,668	—	—	—	39,668
Total current assets	<u>46,009</u>	<u>113</u>	<u>1,150</u>	<u>397</u>	<u>47,669</u>
Noncurrent assets:					
Capital assets	—	127	—	—	127
Less accumulated depreciation	—	(82)	—	—	(82)
Total capital assets (net of accumulated depreciation)	<u>—</u>	<u>45</u>	<u>—</u>	<u>—</u>	<u>45</u>
Total assets	<u>46,009</u>	<u>158</u>	<u>1,150</u>	<u>397</u>	<u>47,714</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	—	38	—	427	465
Due to other funds	796	—	—	145	941
Claims payable	45,213	—	612	—	45,825
Total current liabilities	<u>46,009</u>	<u>38</u>	<u>612</u>	<u>572</u>	<u>47,231</u>
Total liabilities	<u>46,009</u>	<u>38</u>	<u>612</u>	<u>572</u>	<u>47,231</u>
Net Position					
Net investment in capital assets	—	45	—	—	45
Unrestricted	—	75	538	(175)	438
Total net position	<u>\$ —</u>	<u>120</u>	<u>538</u>	<u>(175)</u>	<u>483</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year ended June 30, 2014
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Operating revenues:					
Charges for services	\$ 40,626	569	7,820	4,281	53,296
Total operating revenues	<u>40,626</u>	<u>569</u>	<u>7,820</u>	<u>4,281</u>	<u>53,296</u>
Operating expenses:					
Claims incurred	24,713	—	8,470	—	33,183
Premiums	1,118	—	—	—	1,118
Personnel services	—	292	—	—	292
Material and supplies	—	262	—	4,600	4,862
Depreciation	—	2	—	—	2
Total operating expenses	<u>25,831</u>	<u>556</u>	<u>8,470</u>	<u>4,600</u>	<u>39,457</u>
Operating income (loss)	<u>14,795</u>	<u>13</u>	<u>(650)</u>	<u>(319)</u>	<u>13,839</u>
Nonoperating revenues (expenses):					
Gain on disposal of capital assets	—	12	—	—	12
Total nonoperating revenues (expenses), net	<u>—</u>	<u>12</u>	<u>—</u>	<u>—</u>	<u>12</u>
Income (loss) before capital contributions	<u>14,795</u>	<u>25</u>	<u>(650)</u>	<u>(319)</u>	<u>13,851</u>
Changes in net position	<u>14,795</u>	<u>25</u>	<u>(650)</u>	<u>(319)</u>	<u>13,851</u>
Net position – beginning of year	—	95	1,188	144	1,427
Cumulative effect of change in accounting principle	<u>(14,795)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14,795)</u>
Net position—beginning of year—as adjusted	<u>(14,795)</u>	<u>95</u>	<u>1,188</u>	<u>144</u>	<u>(13,368)</u>
Net position – end of year	<u>\$ —</u>	<u>120</u>	<u>538</u>	<u>(175)</u>	<u>483</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2014
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 19,246	553	7,765	4,010	31,574
Payments to suppliers of goods and services	(20,974)	(238)	(8,474)	(4,263)	(33,949)
Payments to employees	—	(292)	—	—	(292)
Net cash provided by (used in) operating activities	<u>(1,728)</u>	<u>23</u>	<u>(709)</u>	<u>(253)</u>	<u>(2,667)</u>
Cash flows from investing activities:					
Purchase of investments	—	(2)	44	16	58
Net cash (used in) provided by investing activities	<u>—</u>	<u>(2)</u>	<u>44</u>	<u>16</u>	<u>58</u>
Net increase (decrease) in cash and cash equivalents	(1,728)	21	(665)	(237)	(2,609)
Cash and cash equivalents beginning of year	1,728	46	1,467	237	3,478
Cash and cash equivalents end of year	<u>\$ —</u>	<u>67</u>	<u>802</u>	<u>—</u>	<u>869</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 14,795	13	(650)	(319)	13,839
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	—	2	—	—	2
Change in assets and liabilities:					
Receivables, net	1,000	6	—	—	1,006
Due to/from other funds	258	(4)	(55)	(126)	73
Advance to other funds	(21,870)	—	—	—	(21,870)
Prepaid assets	(841)	20	—	—	(821)
Accounts payable and accrued liabilities	—	(14)	—	192	178
Claims payable	4,930	—	(4)	—	4,926
Total adjustments	<u>(16,523)</u>	<u>10</u>	<u>(59)</u>	<u>66</u>	<u>(16,506)</u>
Net cash provided by (used in) operating activities	<u>\$ (1,728)</u>	<u>23</u>	<u>(709)</u>	<u>(253)</u>	<u>(2,667)</u>

See accompanying independent auditors' report.

Pension Trust Funds

Pension trust funds are used to account for the activity of the four public employee retirement systems for which the City acts as a trustee.

Firemen's System – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for the pension and other benefit payments for City firefighters.

Firefighter's Plan – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for the pension and other benefit payments for City firefighters.

Police System – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for pension and other benefit payments for City police officers.

Employees' System – A multi-employer public employee retirement system used to account for the accumulation of resources to be used for pension and other benefit payments for employees of the City (excluding firefighters and police officers) and other anticipating governmental agencies. City employees account for greater than 99% of total plan participants.

City of St. Louis, Missouri
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014
(dollars in thousands)

	Firemen's System (as of September 30, 2013*)	Firefighter's Plan (as of September 30, 2013*)	Police System (as of September 30, 2013*)	Employees' System (as of September 30, 2013*)	Total (as of September 30, 2013*)
Assets					
Current assets:					
Cash and cash equivalents – unrestricted	\$ 4,242	1,505	7,367	288	13,402
Investments – unrestricted:					
Bonds	19,268	—	60,001	81,059	160,328
Domestic bond funds	—	—	—	74,875	74,875
Stocks	233,991	—	144,234	186,925	565,150
Mortgage-backed securities	—	—	16,603	—	16,603
Collective investment funds	118,793	—	367,795	—	486,588
Real estate equities and investment trust	52,613	—	26,552	73,540	152,705
Investment property	—	—	1,184	—	1,184
Hedge funds	40,889	—	28,173	72,375	141,437
Money market mutual funds and other short term investments	5,332	—	49,326	9,192	63,850
Managed master limited partnership	—	—	5,856	51,378	57,234
Managed international equity funds	—	—	—	180,024	180,024
Total investments	470,886	—	699,724	729,368	1,899,978
Securities lending collateral	—	—	—	3,582	3,582
Receivables, net of allowances:					
Contributions	24,061	131	—	1,322	25,514
Accrued interest	757	—	900	551	2,208
Due from Firemen's Retirement System	—	54	—	—	54
Other	731	—	66	158	955
Capital assets, net	657	—	430	—	1,087
Total assets	501,334	1,690	708,487	735,269	1,946,780
Liabilities					
Accounts payable and accrued liabilities	599	37	894	697	2,227
Deposits held for others	292	—	671	—	963
Securities lending collateral liability	—	—	—	3,582	3,582
Due to The Firefighter's Retirement Plan	54	—	—	—	54
Other liabilities	2,033	—	645	—	2,678
Total liabilities	2,978	37	2,210	4,279	9,504
Deferred Inflows of Resources					
Payable under forward foreign currency exchange contracts	—	—	—	500	500
Total deferred inflows of resources	—	—	—	500	500
Total liabilities and deferred inflows of resources	2,978	37	2,210	4,779	10,004
Net position					
Net position held in trust for pension benefits	\$ 498,356	1,653	706,277	730,490	1,936,776

*See note 10.

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year ended June 30, 2014
(dollars in thousands)

	Firemen's System (as of September 30, 2013*)	Firefighter's Plan (as of September 30, 2013*)	Police System (as of September 30, 2013*)	Employees' System (as of September 30, 2013*)	Total (as of September 30, 2013*)
Additions:					
Contributions:					
Member	\$ 944	1,705	4,270	185	7,104
Employer	20,999	—	32,880	34,348	88,227
Investment income:					
Interest and dividends	6,895	—	13,479	8,405	28,779
Net appreciation in fair value of investments	61,141	—	66,677	80,661	208,479
Investment income	68,036	—	80,156	89,066	237,258
Less investment expense	(2,257)	—	(3,043)	(3,054)	(8,354)
Net investment income	65,779	—	77,113	86,012	228,904
Total additions	87,722	1,705	114,263	120,545	324,235
Deductions:					
Benefits	34,536	1	57,283	53,544	145,364
Refunds of contributions	3,261	31	3,567	—	6,859
Administrative expense	1,730	20	999	648	3,397
Total deductions	39,527	52	61,849	54,192	155,620
Net increase	48,195	1,653	52,414	66,353	168,615
Net position held in trust for pension benefits:					
Beginning of year	450,161	—	653,863	664,137	1,768,161
End of year	\$ 498,356	1,653	706,277	730,490	1,936,776

*See note 10.

See accompanying independent auditors' report.

Agency Funds

Agency funds are used to account for assets which the City holds on behalf of other entities. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Collector of Revenue – Used to account for the receipt and disbursement of various taxes and other charges that are collected by the Collector of Revenue and remitted to various City funds and other governmental agencies that levy taxes on residents of the City and on corporations located within the City limits and the employees.

Property Tax Escrow – Used to account for property taxes paid under protest whose disposition is still pending and duplicate payments of property taxes which have not been claimed.

General Insurance – Used to control funds for payroll withholdings and other City deposits to be used for the payment of insurance premiums due from employees and the City.

Bail Bonds – Used to account for bail bonds deposited by court defendants. The bonds are held until court orders are issued to refund the bonds to the defendants or others.

License Collector – Used to account for the receipt and disbursement of municipal manufacturer's and hotel taxes that are collected by the License Collector and remitted to various City funds and other governmental agencies.

Circuit Clerk – Used to account for funds held in a fiduciary capacity by the Circuit Clerk's Office. These funds include various litigation fees, garnishments, and bail bonds, in addition to funds related to the parent locator program.

Police Agency – Used to account for contracts and other deposits.

Other Agency – Used to account for contracts and other deposits, union dues, land auction sales, circuit attorney and probate court funds.

City of St. Louis, Missouri
 Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2014
 (dollars in thousands)

	Collector of Revenue	Property Tax Escrow	General Insurance	Bail Bonds	License Collector	Circuit Clerk	Police Agency	Other Agency	Total
ASSETS									
Cash and cash equivalents—unrestricted	\$ 2,545	1,663	—	541	5,535	3,697	3,245	7,059	24,285
Cash and cash equivalents—restricted	—	—	—	—	—	1,762	—	—	1,762
Investment-unrestricted	—	—	—	—	—	—	245	—	245
Receivables, net of allowances:									
Taxes	23,805	—	—	—	—	—	—	—	23,805
Other	—	—	1,522	—	—	—	—	—	1,522
Total assets	26,350	1,663	1,522	541	5,535	5,459	3,490	7,059	51,619
LIABILITIES									
Accounts payable and accrued liabilities	—	—	1,522	—	—	—	—	2,382	3,904
Deposits held for others	—	1,663	—	541	4,519	4,419	228	3,499	14,869
Due to other governmental agencies	26,350	—	—	—	1,016	1,040	3,262	1,178	32,846
Total liabilities	26,350	1,663	1,522	541	5,535	5,459	3,490	7,059	51,619
NET POSITION	\$ —	—	—	—	—	—	—	—	—

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
For the Year ended June 30, 2014
(dollars in thousands)

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Collector of Revenue</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 4,310	366,309	(368,074)	2,545
Receivables, net of allowances—taxes	21,498	7,433	(5,126)	23,805
Total assets	<u>\$ 25,808</u>	<u>373,742</u>	<u>(373,200)</u>	<u>26,350</u>
Liabilities—due to other governmental agencies	25,808	373,742	(373,200)	26,350
Total liabilities	<u>\$ 25,808</u>	<u>373,742</u>	<u>(373,200)</u>	<u>26,350</u>
<u>Property Tax Escrow</u>				
Assets—cash and cash equivalents—unrestricted	\$ 857	1,620	(814)	1,663
Liabilities—deposits held for others	\$ 857	1,620	(814)	1,663
<u>General Insurance</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ —	33,240	(33,240)	—
Receivables, net of allowances—other	1,295	1,522	(1,295)	1,522
Total assets	<u>\$ 1,295</u>	<u>34,762</u>	<u>(34,535)</u>	<u>1,522</u>
Liabilities—accounts payable and accrued liabilities	\$ 1,295	34,762	(34,535)	1,522
<u>Bail Bonds</u>				
Assets—cash and cash equivalents—unrestricted	\$ 1,094	730	(1,283)	541
Liabilities—deposits held for others	\$ 1,094	730	(1,283)	541
<u>License Collector</u>				
Assets—cash and cash equivalents—unrestricted	\$ 4,432	19,266	(18,163)	5,535
Liabilities:				
Deposits held for others	3,597	929	(7)	4,519
Due to other governmental agencies	835	18,337	(18,156)	1,016
Total liabilities	<u>\$ 4,432</u>	<u>19,266</u>	<u>(18,163)</u>	<u>5,535</u>

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
For the Year ended June 30, 2014
(dollars in thousands)

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Circuit Clerk</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 7,845	20,751	(24,899)	3,697
Cash and cash equivalents—restricted	1,729	87	(54)	1,762
Total assets	<u>\$ 9,574</u>	<u>20,838</u>	<u>(24,953)</u>	<u>5,459</u>
Liabilities:				
Deposits held for others	7,851	17,379	(20,811)	4,419
Due to other governmental agencies	1,723	3,459	(4,142)	1,040
Total liabilities	<u>\$ 9,574</u>	<u>20,838</u>	<u>(24,953)</u>	<u>5,459</u>
<u>Police Agency</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 1,591	4,301	(2,647)	3,245
Investment-unrestricted	2,350	245	(2,350)	245
Total assets	<u>\$ 3,941</u>	<u>4,546</u>	<u>(4,997)</u>	<u>3,490</u>
Liabilities:				
Deposits held for others	190	392	(354)	228
Due to other governmental agencies	3,751	4,154	(4,643)	3,262
Total liabilities	<u>\$ 3,941</u>	<u>4,546</u>	<u>(4,997)</u>	<u>3,490</u>
<u>Other Agency</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 5,368	40,548	(38,857)	7,059
Total assets	<u>\$ 5,368</u>	<u>40,548</u>	<u>(38,857)</u>	<u>7,059</u>
Liabilities:				
Accounts payable and accrued liabilities	270	4,473	(2,361)	2,382
Deposits held for others	4,170	8,186	(8,857)	3,499
Due to other governmental agencies	928	27,889	(27,639)	1,178
Total liabilities	<u>\$ 5,368</u>	<u>40,548</u>	<u>(38,857)</u>	<u>7,059</u>
<u>Total—All Agency Funds</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 25,497	486,765	(487,977)	24,285
Cash and cash equivalents—restricted	1,729	87	(54)	1,762
Investment-unrestricted	2,350	245	(2,350)	245
Receivables, net of allowances:				
Taxes	21,498	7,433	(5,126)	23,805
Other	1,295	1,522	(1,295)	1,522
Total assets	<u>\$ 52,369</u>	<u>496,052</u>	<u>(496,802)</u>	<u>51,619</u>
Liabilities:				
Accounts payable and accrued liabilities	1,565	39,235	(36,896)	3,904
Deposits held for others	17,759	29,236	(32,126)	14,869
Due to other governmental agencies	33,045	427,581	(427,780)	32,846
Total liabilities	<u>\$ 52,369</u>	<u>496,052</u>	<u>(496,802)</u>	<u>51,619</u>

See accompanying independent auditors' report.

**Solid Waste Management Development Corporation—
Discretely Presented Component Unit**

Solid Waste Management Development Corporation (SWMDC) owns a system of underground pressurized steam transport pipe in the downtown area commonly known as the steam loop. The steam loop is leased on a long term basis to a steam generating private entity unrelated to the City.

Separate financial statements are not prepared for SWMDC. Accordingly, a statement of revenues, expenses, changes in net position, and a statement of cash flows for SWMDC have been included within the City's comprehensive annual financial report.

City of St. Louis, Missouri
Statement of Revenues, Expenses, and Changes in Net Position
Solid Waste Management Development Corporation (SWMDC)
Year ended June 30, 2014
(dollars in thousands)

Operating revenues:		
Lease revenue	\$	150
Total operating revenues		150
Operating expenses:		
Depreciation		388
Professional fees and other operating expenses		518
Total operating expenses		906
Operating loss		(756)
Nonoperating revenues:		
Investment income		1
Total nonoperating revenues		1
Net loss before capital contributions		(755)
Capital contributions		188
Change in net position		(567)
Total net position —beginning of year		8,923
Total net position —end of year	\$	8,356

See accompanying independent auditors' report.

City of St. Louis, Missouri
Statement of Cash Flows
Solid Waste Management Development Corporation (SWMDC)
Year ended June 30, 2014
(dollars in thousands)

Cash flows from operating activities:	
Receipts from customers and users	\$ 138
Payments to service providers	(449)
	<hr/>
Net cash used in operating activities	(311)
	<hr/>
Cash flows from capital and related:	
Financing activities:	
Construction of capital assets	(123)
	<hr/>
Net cash used in capital and related financing activities	(123)
	<hr/>
Cash flows from investing activities:	
Purchases of investments	(500)
Proceeds from maturities of investments	1,000
Investment income	1
	<hr/>
Net cash provided by investing activities	501
	<hr/>
Net increase in cash and cash equivalents	67
	<hr/>
Cash and cash equivalents beginning of year	1,505
	<hr/>
Cash and cash equivalents end of year	\$ 1,572
	<hr/> <hr/>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (756)
Receivable, net	(12)
Accounts payable and accrued liabilities	69
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	388
	<hr/>
Net cash used in operating activities	\$ (311)
	<hr/> <hr/>
Supplemental disclosure of non cash activities:	
Contributed capital	\$ 188
	<hr/> <hr/>

See accompanying independent auditors' report.

STATISTICAL SECTION

This part of the City of St. Louis' (the City's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about The City's overall financial health.

Contents	Table Numbers
<i>Primary Government:</i>	
Financial Trends <i>These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	1-4
Revenue Capacity <i>These tables contain information to help the reader assess the City's most significant local revenue sources.</i>	5-10
Debt Capacity <i>These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	11-15
Demographic and Economic Information <i>These tables offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.</i>	16
Operating Information <i>These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	17-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1
CITY OF ST. LOUIS, MISSOURI
Net Position by Component
Last Seven Fiscal Years
(dollars in thousands)
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008
Primary government:							
Governmental activities:							
Net investments in capital assets	\$ 527,443	502,818	495,977	472,165	453,220	510,743	496,341
Restricted	30,366	30,799	31,822	34,179	29,390	32,784	29,855
Unrestricted	(707,737)	(494,518)	(443,552)	(407,047)	(392,115)	(366,224)	(312,367)
Total governmental activities net position	(149,928)	39,099	84,247	99,297	90,495	177,303	213,829
Business-type activities:							
Net investments in capital assets	1,033,787	1,033,922	1,014,901	1,075,403	1,071,899	1,094,296	1,058,030
Restricted	148,170	149,699	150,661	166,462	163,449	137,995	142,619
Unrestricted	108,851	104,834	100,521	18,072	23,375	10,456	23,349
Total business-type activities net position	1,290,808	1,288,455	1,266,083	1,259,937	1,258,723	1,242,747	1,223,998
Total primary government:							
Net investments in capital assets	1,561,230	1,536,740	1,510,878	1,547,568	1,525,119	1,605,039	1,554,371
Restricted	178,536	180,498	182,483	200,641	192,839	170,779	172,474
Unrestricted	(598,886)	(389,684)	(343,031)	(388,975)	(368,740)	(355,768)	(289,018)
Total primary government net position	\$ 1,140,880	1,327,554	1,350,330	1,359,234	1,349,218	1,420,050	1,437,827
Component Unit-SLPD:							
Net investments in capital assets	\$ —	—	—	—	—	—	32,375
Restricted	—	—	—	—	—	—	34
Unrestricted	—	—	—	—	—	—	(63,155)
Total SLPD net position *	\$ —	—	—	—	—	—	(30,746)

* Fiscal year 2009 through 2013 SLPD net position information is not required as the St. Louis Police Department (SLPD) debt was retired in Fiscal year 2008.

** Effective July 1, 2013, The Metropolitan Police Department of the City of St. Louis, Missouri was no longer a discretely presented component unit of the City. See Note 2.

Source: Basic financial statements.

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Seven Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008
Expenses:							
Governmental activities:							
General government	\$ 94,791	73,204	72,063	79,871	84,330	85,680	74,166
Convention and tourism	5,711	5,513	4,979	4,563	4,507	4,504	4,468
Parks and recreation	31,765	30,818	28,529	29,416	32,778	33,431	31,335
Judicial	52,009	52,232	50,931	52,362	54,880	56,159	50,684
Streets	69,584	68,402	70,420	66,952	66,263	63,646	62,566
Public safety:							
Fire	86,085	75,460	69,062	66,637	67,334	70,572	69,668
Police	211,224	138,028	140,815	139,010	141,805	146,955	143,452
Police pension	*	28,492	19,854	17,949	14,902	8,196	12,914
Other	59,323	61,264	59,068	52,182	55,980	60,020	63,687
Health and welfare	49,602	61,162	52,092	50,468	51,552	54,223	45,732
Public service	76,863	62,301	71,458	65,898	59,980	59,218	70,007
Community development	35,238	77,530	80,184	68,123	76,264	61,859	60,611
Interest and fiscal charges	58,009	57,674	59,750	58,612	57,933	54,684	49,963
Total governmental activities expenses	830,204	792,080	779,205	752,043	768,508	759,147	739,253
Business-type activities:							
Airport	175,058	173,968	171,574	187,449	181,775	175,758	215,691
Water division	50,184	45,799	43,637	44,530	43,479	47,500	45,157
Parking division	14,043	13,558	13,229	13,141	13,514	14,352	14,560
Total business-type activities expenses	239,285	233,325	228,440	245,120	238,768	237,610	275,408
Total primary government expenses	\$ 1,069,489	1,025,405	1,007,645	997,163	1,007,276	996,757	1,014,661

* In fiscal year 2014, the City implemented GASB Statement No. 69. In previous years, activities of The Metropolitan Police Department of the City of St. Louis, Missouri were included as a discretely presented component unit. However, in fiscal year 2014, the activities of the police are part of the primary government and all police related activities were combined into one functional expenses line called Public Safety - Police.

** Police pension expenses under Governmental activities for fiscal years 2008 and 2009 were reclassified. In prior fiscal years, this expense was included in Public Safety-Other. See accompanying notes to basic financial statements.

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Seven Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008
Program revenues:							
Governmental activities:							
Charges for services:							
General government	34,783	33,375	36,697	37,767	39,340	37,706	35,060
Convention and tourism	—	—	8	19	18	19	—
Parks and recreation	5,979	2,958	7,314	4,378	4,419	4,516	2,662
Judicial	23,076	21,542	18,996	20,524	20,791	18,952	18,894
Streets	26,110	26,012	27,514	34,842	17,644	17,734	15,621
Public safety:							
Fire	9,553	18,887	8,181	8,088	7,677	7,669	6,718
Police	5,260	*	*	*	*	*	*
Other	20,639	19,537	19,218	17,527	19,022	19,632	18,635
Health and welfare	1,631	1,041	992	1,255	591	494	944
Public service	6,037	2,906	5,265	309	1,487	253	6,320
Community development	4,412	5,332	5,367	4,819	4,528	5,524	5,273
Operating grants and contributions	57,173	64,782	71,513	75,281	98,270	73,563	72,860
Capital grants and contributions	5,628	14,882	31,623	33,666	7,548	12,726	14,306
Total governmental activities program revenues	200,281	211,254	232,688	238,475	221,335	198,788	197,293
Business-type activities:							
Charges for services:							
Airport	165,927	164,606	157,154	149,438	160,378	159,061	163,460
Water Division	56,647	56,902	58,631	56,039	50,983	48,709	45,635
Parking Division	15,804	14,657	14,999	13,813	12,428	13,897	15,890
Operating grants and contributions	706	751	1,069	1,513	1,615	2,683	4,348
Capital grants and contributions	16,726	21,615	10,050	8,267	31,815	35,122	28,123
Total business-type activities program revenues	255,810	258,531	241,903	229,070	257,219	259,472	257,456
Total primary government program revenues	\$ 456,091	\$ 469,785	\$ 474,591	\$ 467,545	\$ 478,554	\$ 458,260	\$ 454,749

*** Fiscal years 2008 and 2009 Community development revenues reflect TIF revenues previously reported under General government in prior fiscal years.

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Seven Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008
Net program (expense) revenue:							
Governmental activities	\$ (629,923)	(580,826)	(546,517)	(513,568)	(547,173)	(560,359)	(541,960)
Business-type activities	16,525	25,206	13,463	(16,050)	18,451	21,862	(17,952)
	<u>(613,398)</u>	<u>(555,620)</u>	<u>(533,054)</u>	<u>(529,618)</u>	<u>(528,722)</u>	<u>(538,497)</u>	<u>(559,912)</u>
Total primary government net expense							
General revenues and other changes in net position:							
Governmental activities:							
Taxes	\$ 75,136	73,234	68,531	66,767	67,291	67,562	62,424
Property taxes, levied for general purpose	6,661	7,140	5,909	7,669	6,463	4,810	6,285
Property taxes, levied for debt service	173,018	157,302	164,174	155,708	142,295	143,972	134,476
Sales tax	202,022	189,762	186,068	178,571	172,450	181,214	181,812
Earnings/payroll taxes	97,344	94,721	93,587	97,327	90,291	108,178	84,652
Gross receipt taxes (includes franchise tax)	4,977	3,784	4,504	4,080	3,902	3,712	4,035
Miscellaneous taxes	364	265	470	953	886	6,001	12,159
Unrestricted investment earnings	—	—	(1,142)	2,528	62	83	47
Gain/loss on sale of capital assets	9,431	9,470	9,366	8,767	7,317	8,301	8,740
Transfers	568,953	535,678	531,467	522,370	490,957	523,833	494,630
Total governmental activities	1,818	2,336	2,049	2,941	3,878	5,188	10,776
Business-type activities:							
Unrestricted investment earnings	—	—	—	4	553	—	26
Gain on sale of capital assets	4,872	—	—	—	—	—	—
Extraordinary item – Settlement proceeds	2,730	4,300	—	23,086	—	—	—
Extraordinary item – Natural disaster	(9,431)	(9,470)	(9,366)	(8,767)	(6,906)	(8,301)	(8,740)
Transfers	(11)	(2,834)	(7,317)	17,264	(2,475)	(3,113)	2,062
Total business-type activities	568,942	532,844	524,150	539,634	488,482	520,720	496,692
Total primary government							

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Seven Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008
Change in net position:							
Governmental activities:	\$ (60,970)	(45,148)	(15,050)	8,802	(56,216)	(36,526)	(47,330)
Business-type activities:	16,514	22,372	6,146	1,214	15,976	18,749	(15,890)
Total primary government	<u>(44,456)</u>	<u>(22,776)</u>	<u>(8,904)</u>	<u>10,016</u>	<u>(40,240)</u>	<u>(17,777)</u>	<u>(63,220)</u>

Source: Basic financial statements.

Table 3
CITY OF ST. LOUIS, MISSOURI
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)
(modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund:										
Nonspendable	\$ 2,537	—	—	—	*	*	*	*	*	*
Restricted	16,008	14,784	16,755	16,723	*	*	*	*	*	*
Committed	8,054	8,054	8,063	6,895	*	*	*	*	*	*
Assigned	6,521	6,043	1,509	1,055	*	*	*	*	*	*
Unassigned	2,605	25,777	29,543	24,675	*	*	*	*	*	*
Reserved	—	—	—	—	31,284	26,484	21,150	21,079	23,139	25,185
Unreserved	—	—	—	—	22,132	35,570	33,721	53,649	57,155	47,612
Total general fund	\$ 35,725	54,658	55,870	49,348	53,416	62,054	54,871	74,728	80,294	72,797
All other governmental funds:										
Nonspendable	\$ 14	11	11	11	*	*	*	*	*	*
Restricted	96,160	71,117	79,573	131,102	*	*	*	*	*	*
Committed	65,536	57,127	54,553	54,678	*	*	*	*	*	*
Assigned	5,053	4,473	1,837	3,200	*	*	*	*	*	*
Unassigned	(24,025)	(24,648)	(20,103)	(26,752)	*	*	*	*	*	*
Reserved	—	—	—	—	181,410	173,407	191,062	76,378	82,979	76,485
Unreserved, reported in:										
Special revenue funds	—	—	—	—	19,342	30,104	42,304	56,508	49,041	43,128
Capital projects funds	—	—	—	—	(13,961)	(10,689)	(9,253)	12,724	(7,204)	27,623
Total all other governmental funds	\$ 142,738	108,080	115,871	162,239	186,791	192,822	224,113	145,610	124,816	147,236

* Effective July 1, 2011 the City adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Taxes	557,487	524,428	519,852	510,150	480,082	506,228	473,646	439,436	432,139	412,670
Licenses, fees and permits	26,004	24,359	21,259	21,716	24,214	22,238	22,208	24,395	23,708	21,754
Intergovernmental	88,069	107,289	130,079	138,141	117,084	116,693	119,197	123,119	122,332	113,337
Charges for services, net	49,867	52,347	46,166	44,659	30,906	28,316	28,752	29,592	28,373	28,200
Court fines and forfeitures	10,810	11,022	12,103	10,848	11,538	11,127	10,000	8,434	8,927	9,047
Investment income	364	265	470	953	886	6,001	12,159	12,094	9,492	3,112
Interfund services provided	3,464	5,531	4,293	4,631	3,043	6,354	3,868	4,009	4,009	4,519
Miscellaneous	19,584	13,514	17,951	15,845	15,987	12,865	13,902	14,303	11,148	13,174
Total revenues	755,649	738,755	751,873	746,943	683,760	709,822	683,732	655,467	640,128	605,713
Expenditures:										
General government	84,648	63,980	60,942	67,400	77,906	80,226	101,622	53,066	69,011	58,273
Convention and tourism	123	116	150	189	176	198	201	154	362	2,010
Parks and recreation	26,553	25,689	23,885	25,153	27,357	29,827	27,966	25,129	23,191	22,597
Judicial	51,491	51,849	50,821	52,498	53,985	55,222	50,806	46,633	46,837	47,486
Streets	37,867	37,378	40,772	39,498	37,356	37,500	38,086	35,320	37,415	35,218
Public Safety:										
Fire	74,261	71,595	69,887	68,518	66,590	62,010	115,605	53,547	53,959	49,204
Police	146,987	138,004	140,815	139,010	141,805	146,955	143,452	138,871	134,631	130,584
Police-pension	30,564	28,492	19,719	17,949	14,783	8,072	43,618	43,618	55,804	51,771
Other	58,736	60,178	58,741	51,899	54,653	57,443	62,743	59,253	45,905	40,275
Health and welfare	49,207	60,709	51,855	50,127	51,230	53,441	45,379	45,067	67,600	62,415
Public service	76,211	61,519	70,840	65,916	59,315	58,594	70,095	72,991	66,555	57,291
Community development	35,238	77,530	80,184	68,123	76,264	63,220	60,710	79,351	35,290	37,383
Capital outlay	35,444	36,914	90,065	94,653	51,175	67,615	51,103	43,591	30,933	35,240
Debt service:										
Principal	64,316	55,209	54,952	58,091	46,721	41,759	46,484	39,008	28,288	29,181
Interest and fiscal charges	44,375	47,154	47,256	46,283	54,555	47,350	44,741	29,865	—	—
Cost of issuance	**	—	—	—	—	1,290	—	—	—	—
Advance refunding escrow	**	—	—	—	1,178	—	—	—	—	1,359
Total expenditures	816,021	816,316	860,884	845,307	815,049	810,722	902,611	721,846	695,781	660,287
Deficiency of revenues over expenditures	(60,372)	(77,561)	(109,011)	(98,364)	(131,289)	(100,900)	(218,879)	(66,379)	(55,653)	(54,574)

* Police pension expenses under Governmental activities were reclassified in fiscal years 2008 and 2009. In prior fiscal years, this expense was included in Public Safety-Other. See accompanying notes to basic financial statements.
 ** Effective July 1, 2013, the City implemented GASB No. 65

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other financing sources (uses):										
Sale of capital assets	207	3	345	3,216	62	83	47	175	514	937
Issuance of note payable	—	—	—	—	—	9,068	—	—	—	—
Issuance of SLMFC Certificates of participation	—	—	—	—	—	9,100	—	—	—	—
Issuance of refunding bonds-revenue refunding bonds	—	—	49,825	2,690	—	—	—	—	—	—
Issuance of refunding bonds-leasehold revenue bonds	26,000	—	—	9,250	74,191	21,850	247,967	23,725	15,485	—
Issuance of contractual obligation with component unit	—	—	—	—	16,960	—	—	—	—	—
Premium on leasehold revenue bonds	1,471	1,890	4,038	145	396	(525)	653	4,178	504	—
Discount on leasehold revenue bonds	—	—	—	—	(384)	—	(3,965)	(467)	—	—
Proceeds of general obligation bonds and revenue bonds	—	—	—	—	—	—	—	13,000	—	98,953
Premium on general obligation bonds and revenue bonds	—	—	—	—	—	—	—	—	—	3,073
Discount on general obligation bonds	—	—	—	—	—	—	—	—	—	(29)
Issuance of capital lease	16,605	—	2,384	11,150	704	5,600	1,478	10,014	1,990	851
Issuance of tax increment revenue notes	10,852	57,195	51,101	46,503	28,352	32,669	37,737	55,158	30,043	12,964
Discount on tax increment revenue bonds	—	—	—	4,580	—	—	—	—	—	—
Discount on tax increment revenue bonds	—	—	—	—	—	—	—	—	—	—
Issuance of loan agreement	3,510	—	—	—	—	—	4,500	—	782	1,000
Issuance of joint venture financing agreement	—	—	—	—	—	—	—	49,585	—	—
Payment to refunded escrow agent-joint venture	—	—	—	—	—	—	—	(51,316)	—	—
Payment to refunded escrow agent-leasehold revenue bonds	—	—	(53,172)	(2,416)	(12,391)	—	(8,632)	(22,830)	(15,421)	(55,962)
Payment to refunded escrow agent-obligation with component unit	—	—	—	(11,931)	(341)	(9,354)	—	—	—	—
Payment of refunded escrow agent-capital lease	—	—	5,278	—	—	—	—	—	—	—
Fireman's Retirement EAN note proceeds	—	—	—	—	(16,961)	—	(11,000)	(7,500)	—	—
Advance refunding on TIF bonds and notes payable	—	—	—	—	—	—	—	—	—	—
Recovery of legal judgment	—	—	—	—	18,006	—	—	—	—	—
Receipt of redevelopment lease proceeds from component unit	68,121	62,143	62,920	53,467	58,575	50,849	40,569	41,613	29,909	31,507
Transfers in	(58,690)	(52,673)	(53,554)	(46,910)	(50,549)	(42,548)	(31,829)	(33,728)	(22,508)	(24,381)
Transfers out	68,076	68,558	69,165	69,744	116,620	76,792	277,525	81,607	41,298	68,913
Total other financing sources, net	7,704	(9,003)	(39,846)	(28,620)	(14,669)	(24,108)	58,646	15,228	(14,355)	14,339
Net change in fund balances	13.9%	13.1%	13.3%	13.9%	13.3%	12.0%	10.7%	10.2%	9.0%	10.3%
Debt service as a percentage of noncapital expenditures	108,691	102,363	102,208	104,374	101,276	89,109	91,225	68,873	59,221	64,421
Debt service expenditures	780,577	779,402	770,819	750,654	763,874	743,107	851,508	678,255	660,491	622,904
Non-capital expenditures										

Table 5
CITY OF ST. LOUIS, MISSOURI
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Real Estate		Personal Property	Manufacturer's Machinery, Tools & Equipment	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate	Taxable Assessed Value to Estimated Actual Taxable Value
	Residential	Commercial							
2014	\$ 1,968,547	\$ 2,528,334	\$ 753,790	\$ 255,595	\$ 1,273,384	\$ 4,232,882	\$ 16,787,744	1.6092	25.2%
2013	2,161,657	2,452,348	737,422	216,902	1,195,359	4,372,969	17,614,380	1.4848	24.8%
2012	2,197,419	2,499,166	705,441	238,661	1,282,753	4,357,935	17,543,141	1.4691	24.8%
2011	2,281,376	2,542,399	723,739	221,519	1,281,865	4,487,158	18,126,314	1.4224	24.8%
2010	2,206,698	2,688,333	781,557	254,873	1,381,310	4,550,151	18,144,398	1.3601	25.1%
2009	2,256,467	2,440,325	861,837	287,366	1,162,841	4,683,154	18,841,886	1.3225	24.9%
2008	2,195,159	2,548,206	805,298	292,371	1,283,851	4,557,183	18,401,969	1.3451	24.8%
2007	1,798,234	2,318,384	767,274	286,014	1,277,160	3,892,746	15,486,668	1.4590	25.1%
2006	1,700,324	2,199,992	789,536	290,523	1,097,633	3,882,742	15,370,507	1.4402	25.3%
2005	1,242,646	1,998,611	770,104	285,353	930,989	3,365,725	12,910,940	1.5908	26.1%

Source: City of St. Louis Assessor's Office

NOTE:

Residential real property is assessed at 19% of estimated value, commercial at 32%, and agricultural at 12%; personal property and manufacturer's machinery, tools and equipment assessed at 33-1/3%.
A complete reassessment is made on personal property by the Assessor every year and every odd year for real property.

Table 6
CITY OF ST. LOUIS, MISSOURI
Property Tax Rates Per \$100 Assessed Value - Direct and Overlapping Governments
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
City of St. Louis:										
Municipal purposes	0.9772	0.9071	0.9002	0.8639	0.8500	0.8161	0.8059	0.8811	0.8687	0.9559
County purposes	0.3500	0.3270	0.3247	0.3113	0.3064	0.2940	0.2903	0.3179	0.3134	0.3455
Hospital purposes	0.1000	0.0933	0.0926	0.0888	0.0874	0.0839	0.0829	0.0908	0.0895	0.0987
Public health purposes	0.0200	0.0187	0.0186	0.0178	0.0175	0.0168	0.0166	0.0182	0.0179	0.0197
Recreation purposes	0.0200	0.0187	0.0186	0.0178	0.0175	0.0168	0.0166	0.0182	0.0179	0.0197
Interest and public debt	0.1420	0.1200	0.1144	0.1228	0.0813	0.0949	0.1328	0.1328	0.1328	0.1513
Total City of St. Louis	1.6092	1.4848	1.4691	1.4224	1.3601	1.3225	1.3451	1.4590	1.4402	1.5908
Overlapping governments:										
State Blind Pension Fund	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Board of Education of the City of St. Louis	4.3711	4.4071	4.1743	3.9865	3.8943	3.8028	3.7533	4.0193	3.9720	4.3040
St. Louis Community College	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003	0.2233	0.2231	0.2368
Metropolitan St. Louis Sewer District	0.0874	0.0821	0.0818	0.0790	0.0000	0.0000	0.0667	0.0687	0.0686	0.0690
Sheltered Workshop District	0.1500	0.1460	0.1445	0.1372	0.1346	0.1295	0.1278	0.1386	0.1368	0.1490
St. Louis Public Library	0.5600	0.5814	0.5435	0.5208	0.5019	0.4938	0.4768	0.5171	0.5104	0.5561
Community Mental Health	0.0900	0.0876	0.0867	0.0823	0.0800	0.0777	0.0767	0.0832	0.0821	0.0894
Community Children's Service Fund	0.1900	0.1900	0.1900	0.1880	0.1827	0.1775	0.1752	0.1900	0.1900	
Metropolitan Zoological Park and Museum District:										
Zoological Subdistrict	0.0800	0.0769	0.0764	0.0727	0.0714	0.0671	0.0667	0.0746	0.0763	0.0787
Art Museum Subdistrict	0.0800	0.0769	0.0764	0.0727	0.0714	0.0671	0.0667	0.0746	0.0763	0.0787
Museum of Science and Natural History Subdistrict	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373	0.0376	0.0394
Botanical Garden Subdistrict	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373	0.0376	0.0394
Missouri History Museum Subdistrict	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373	0.0376	0.0394
Total overlapping governments	5.9782	6.0126	5.7379	5.4963	5.2864	5.1470	5.1398	5.5313	5.4784	5.7099
Total City of St. Louis and overlapping governments	\$ 7.5874	\$ 7.4974	\$ 7.2070	\$ 6.9187	\$ 6.6465	\$ 6.4695	\$ 6.4849	\$ 6.9903	\$ 6.9186	\$ 7.3007

Source: City Assessor's Office.

Table 7
CITY OF ST. LOUIS, MISSOURI
Principal Property Tax Payers Identified by Industry Classification
Current Calendar Year and Nine Years Ago
(dollars in thousands)

Tax Payer by Industry Classification (1)	Calendar Year 2013			Calendar Year 2004		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
Telecommunications	\$ 102,484	1	2.58%	\$ 74,291	3	2.42%
Utilities	89,005	2	2.24%			
Gaming	76,351	3	1.92%	83,711	1	2.73%
Manufacturing	61,010	4	1.53%	96,952	2	3.16%
Financial Services	59,876	5	1.51%			
Property Management	39,126	6	0.98%	41,961	6	1.37%
Utilities	32,462	7	0.82%			
Healthcare	29,989	8	0.75%	76,193	4	2.48%
Property Management	29,492	9	0.74%	29,783	5	0.97%
Manufacturing	25,809	10	0.65%	10,048	9	0.33%
Healthcare				NP	7	
Educational Institution				NP	8	
Retail				18,967	10	0.62%
	<u>\$ 545,604</u>		<u>13.73%</u>	<u>\$ 431,906</u>		<u>14.08%</u>

Source: City Assessor's Office and Collector of Revenue

Note:

(1) Taxpayer confidentiality prevents the disclosure of amounts by company name. The above information is individual taxpayers within the noted industry categories.

Table 8
CITY OF ST. LOUIS, MISSOURI
General and Debt Service Funds - Property Tax Levies And Collections -
Last Ten Fiscal Years
(dollars in thousands)

(1) Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Fiscal Year Collections Related to Prior Year Levies	Total Collections to Date	
		Fiscal Year of the Levy (2) Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 60,538	\$ 55,764	92.1%	\$ -	\$ 55,764	92.1%
2013	58,797	53,545	91.1%	3,132	56,677	96.4%
2012	57,723	52,191	90.4%	3,816	56,007	97.0%
2011	57,990	52,223	90.1%	4,293	56,516	97.5%
2010	56,169	49,634	88.4%	5,455	55,089	98.1%
2009	56,104	49,487	88.2%	6,105	55,592	99.1%
2008 *	57,734	48,627	84.2%	8,419	57,046	98.8%
2007	51,446	46,475	90.3%	4,700	51,175	99.5%
2006	50,929	43,833	86.1%	6,488	50,321	98.8%
2005	48,307	43,828	90.7%	4,177	48,005	99.4%

NOTES:

(1) Figures are based on the Collector of Revenue's fiscal year which begins the first Monday of March.

(2) Includes monies collected that were paid to the state for reassessment.

* Total collections does not reflect protest monies held in escrow of approximately \$4,100.

Source: Collector of Revenue, City of St. Louis.

Table 9
CITY OF ST. LOUIS, MISSOURI
Earnings and Payroll Tax
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Earnings				1% Tax		Total (1) Earnings Tax	Payroll	
	Revenue Base		Individual	Business	Individual	Business		Revenue Base	0.5% Tax
	Business	Individual							
2014	\$ 3,356,500	\$12,813,900	\$	33,565	\$128,139	\$	161,704	\$ 7,358,400	36,792
2013	3,219,000	12,701,200		32,190	127,012		159,202	7,369,800	36,849
2012	3,354,200	12,482,700		33,542	124,827		158,369	7,021,600	35,108
2011	3,025,300	12,082,700		30,253	120,827		151,080	7,048,400	35,242
2010	2,557,500	12,171,600		25,575	121,716		147,291	7,513,600	37,568
2009	2,221,000	12,166,800		22,210	121,668		143,878	7,186,200	35,931
2008	2,671,400	12,046,700		26,714	120,467		147,181	7,451,200	37,256
2007	2,461,000	11,666,000		24,610	116,660		141,270	7,059,200	35,296
2006	2,178,200	11,383,800		21,782	113,838		135,620	7,295,000	36,475
2005	1,892,500	10,858,900		18,925	108,589		127,514	6,365,600	31,828

Source: City of St. Louis Collector of Revenue

Note:

Data calculated on a cash basis.

(1) Tax totals include Collector of Revenue commissions

Table 10
CITY OF ST. LOUIS, MISSOURI
Principal Earnings and Payroll Tax Payers
Top Ten Companies' Current Fiscal Year and Nine Years Ago
By Industry Classification
(dollars in thousands)

Top Ten Companies by Industry Classification (2)	Fiscal Year 2014			Fiscal Year 2005		
	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax
Financial Services	\$ 8,308	1	5.14%	\$ 4,080	4	2.56%
Manufacturing	7,924	2	4.90%	7,753	1	4.87%
Education	7,443	3	4.60%	4,922	3	3.09%
Healthcare	5,461	4	3.38%	3,897	5	2.45%
Government	4,078	5	2.52%	-		
Telecommunications	3,921	6	2.42%	6,696	2	4.20%
Manufacturing	3,800	7	2.35%	-		
Education	3,460	8	2.14%	2,455	8	1.54%
Government	3,135	9	1.94%	3,066	6	1.92%
Utilities	2,616	10	1.62%	2,195	9	1.38%
Retail				3,026	7	1.90%
Government				2,117	10	1.33%
	\$ 50,146		31.01%	\$ 40,207		25.23%

Source: Collector of Revenue

Note:

- (1) The percentages are calculated using total taxes from Table 9.
- (2) Taxpayer confidentiality prevents the disclosure of amounts by company name. The above information is individual taxpayers within the noted industry categories.

Table 11
CITY OF ST. LOUIS, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Governmental Activities										Business - Type Activities					(1)	Per Capita
	General Obligation Bonds	Tax Incremental Revenue Bonds	Lease Revenue Bonds	Capital Leases	Joint Venture Financing Agreement	Federal Section 108	Other Obligations	Water		Airport		Parking Revenue Bonds		Total Primary Government	Percentage of Personal Income		
								Revenue	Bonds	Revenue	Bonds	Revenue	Bonds				
2014	\$ 28,130	\$ 300,321	\$ 470,889	\$ 76,299	\$ 37,844	\$ 35,580	\$ 16,153	\$ 4,760	\$ 764,150	\$ 69,679	\$ 1,803,805	14.84%	5,665				
2013	35,050	296,122	473,403	66,713	42,085	39,530	15,502	7,585	794,615	70,527	1,841,132	15.15%	5,788				
2012	38,955	246,079	502,429	72,009	46,166	43,250	15,644	11,480	833,960	72,763	1,882,735	15.49%	5,902				
2011	42,685	200,202	548,958	75,993	50,092	46,750	11,353	16,000	869,980	74,892	1,936,905	15.94%	6,066				
2010	46,300	167,436	567,292	67,779	53,873	50,050	13,191	19,585	905,405	76,925	1,967,836	16.19%	5,519				
2009	49,790	163,554	531,615	53,131	57,516	53,160	14,373	23,025	797,105	78,854	1,822,123	15.65%	5,108				
2008	50,875	136,987	534,223	59,551	61,028	56,080	6,159	26,325	818,830	81,350	1,831,388	15.73%	5,134				
2007	54,820	114,251	308,824	61,050	65,116	58,820	2,204	29,175	843,920	70,120	1,608,300	15.21%	4,508				
2006	45,220	69,786	323,469	57,801	67,323	63,670	3,723	31,820	861,085	64,527	1,588,424	15.77%	4,453				
2005	48,465	41,678	340,899	56,985	68,376	68,220	3,359	34,320	894,735	66,264	1,623,301	16.77%	4,551				

Source: Notes to Basic Financial Statements

Note:

(1) See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) Capital Leases include rolling stock and obligations with component units.

Table 12
CITY OF ST. LOUIS, MISSOURI
Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands except per capita)

Fiscal Year	General Bonded Debt Outstanding			Total Net Bonded Debt	(1) Percentage of Actual Taxable Value of Property	(2) Per Capita (in dollars)
	General Obligation Bonds	Less Debt Service Fund				
2014	\$ 28,130	\$ 6,842		21,288	0.13%	67
2013	35,050	8,713		26,337	0.15%	83
2012	38,955	8,137		30,818	0.17%	97
2011	42,685	8,118		34,567	0.19%	108
2010	46,300	7,331		38,969	0.21%	123
2009	49,790	8,216		41,574	0.23%	131
2008	50,875	9,008		41,867	0.27%	131
2007	54,820	8,045		46,775	0.30%	144
2006	45,220	7,239		37,981	0.29%	115
2005	48,465	6,271		42,194	0.33%	120

Source: City Assessor's Office and Comptroller's Office

Note:

(1) See Table 5 for property value data.

(2) Population data can be found in Table 16

Table 13
CITY OF ST. LOUIS, MISSOURI
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Board of Education of the City of St. Louis (1): General Obligation Debt	\$ 315,392	100.00%	\$ 315,392
Other debt			
Metropolitan St. Louis Sewer District (2)	1,123,096	9.60% *	107,805
St. Louis Public Library (3)	50,000	100.00% *	50,000
Junior College District of St. Louis (4)	<u>26,900</u>	20.15% *	<u>5,421</u>
Subtotal, overlapping debt	1,515,388		478,618
City of St. Louis direct debt (5)			<u>965,215</u>
Total direct and overlapping debt			<u><u>\$ 1,443,833</u></u>

Source:

- (1) Board of Education City of St. Louis.
- (2) Metropolitan St. Louis Sewer District
- (3) St. Louis Public Library
- (4) Junior College District of St. Louis
- (5) Notes to basic financial statements

Note:

* Based on assessed property value

Table 14
CITY OF ST. LOUIS, MISSOURI
Legal Debt Margin Calculation
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2014

Assessed Value	\$ 4,232,882
Debt limit (10% of assessed value)	423,288
Debt applicable to limit:	
General obligation bonds	28,130
Less: Amount set aside for repayment . of general obligation debt.	<u>(6,842)</u>
Total net debt applicable to limit	<u>21,288</u>
Legal Debt Margin	<u>\$ 402,000</u>

	Fiscal Year Ended June 30, 2012									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$423,288	\$423,933	\$420,253	\$426,565	\$455,015	\$468,315	\$455,718	\$389,274	\$388,274	\$336,573
Total net debt applicable to limit	<u>21,288</u>	<u>26,337</u>	<u>30,818</u>	<u>34,567</u>	<u>38,969</u>	<u>41,574</u>	<u>41,867</u>	<u>46,775</u>	<u>37,981</u>	<u>42,194</u>
Legal debt margin	<u>\$402,000</u>	<u>\$397,596</u>	<u>\$389,435</u>	<u>\$391,998</u>	<u>\$416,046</u>	<u>\$426,741</u>	<u>\$413,851</u>	<u>\$342,499</u>	<u>\$350,293</u>	<u>\$294,379</u>
Total net debt applicable to the limit as a percentage of debt limit	5.03%	6.21%	7.33%	8.10%	8.56%	8.88%	9.19%	12.02%	9.78%	12.54%

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Water Revenue Bonds (1)						Airport Revenue Bonds (1)					
	Water Revenue	Operating Expenses	Net Available		Debt Service	Coverage	Aviation Revenue	Operating Expenses	Net Available		Debt Service	Coverage
			Revenue	Principal					Interest	Revenue		
2014	\$ 56,647	\$ 44,645	\$ 12,002	\$ 3,765	\$ 86	3.12	\$ 178,365	\$ 86,524	\$ 91,841	\$ 30,465	\$ 46,318	1.20
2013	56,902	40,590	16,312	3,895	143	4.04	174,394	83,237	91,157	30,655	41,804	1.26
2012	58,631	38,126	20,505	3,740	650	4.67	161,518	81,872	79,646	19,985	41,501	1.30
2011	56,044	38,535	17,509	3,585	809	3.98	165,405	91,993	73,412	29,970	46,942	0.95
2010	51,295	37,549	13,746	2,440	959	4.04	170,429	87,385	83,044	21,670	44,157	1.26
2009	49,173	41,425	7,748	3,300	1,100	1.76	169,961	86,054	83,907	21,725	40,575	1.35
2008	46,709	39,414	7,295	2,850	1,469	1.69	178,960	93,600	85,360	25,090	39,664	1.32
2007	45,697	36,816	8,881	2,645	1,286	2.26	157,918	89,023	68,895	13,960	47,118	1.13
2006	46,266	34,405	11,861	2,500	1,444	3.01	126,037	76,833	49,204	34,090	34,949	0.71
2005	44,264	32,491	11,773	2,365	1,590	2.98	138,882	74,185	64,697	29,135	53,625	0.78

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Parking Revenue Bonds (1)						Tax Increment Financing Bonds (1) (2)					
	Parking/Project Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Tax Increment Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2014	\$ 17,035	\$ 7,809	\$ 9,226	\$ 1,960	\$ 2,839	1.92	\$ 21,512	\$ 850	20,662	\$ 6,653	\$ 14,944	0.96
2013	15,935	7,248	8,687	1,860	2,911	1.82	22,796	898	21,898	7,067	14,000	1.04
2012	16,200	6,855	9,345	1,765	3,005	1.96	17,914	697	17,217	\$5,776.00	\$12,800.00	0.93
2011	15,163	6,657	8,506	1,675	3,093	1.78	14,115	631	13,484	5,853	10,189	0.84
2010	13,765	7,061	6,704	1,595	3,176	1.41	15,444	477	14,967	7,509	10,434	0.83
2009	15,601	8,691	6,910	1,275	3,246	1.53	12,327	401	11,926	5,384	8,793	0.84
2008	15,945	8,331	7,614	1,475	3,756	1.46	9,449	324	9,125	4,000	7,409	0.80
2007	16,515	7,472	9,043	257	2,308	3.53	7,459	201	7,258	2,593	3,946	1.11
2006	16,676	7,586	9,090	1,727	3,400	1.77	5,632	126	5,506	3,705	4,138	0.70
2005	15,107	7,431	7,676	1,870	3,436	1.45	5,106	44	5,062	3,615	3,201	0.74

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Section 108 Downtown Convention Headquarters Hotel Project								
	Tax Increment Revenue	Less:			Net Available Revenue		Debt Service		Coverage
		Operating Expenses	Operating Expenses	Available Revenue	Principal	Interest			
2014	\$ 4,278	\$ 350	\$ 3,928	\$ 2,890	\$ 572	1.13			
2013	4,044	401	3,643	2,720	581	1.10			
2012	4,629	360	4,269	2,560	1,381	1.08			
2011	4,576	260	4,316	2,410	2,387	0.90			
2010	3,701	270	3,431	2,270	2,523	0.72			
2009	5,403	280	5,123	2,130	2,645	1.07			
2008	5,219	286	4,933	2,000	2,756	1.04			
2007	6,092	296	5,796	1,890	2,859	1.22			
2006	4,655	303	4,352	1,770	2,952	0.92			
2005	4,226	309	3,917	1,670	3,034	0.83			

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Justice Center Leasehold Revenue Bonds (1) (2)							Coverage
	Prisoner		Less:		Net		Debt Service	
	Housing Reimbursement	Operating Expenses	Operating Expenses	Available Revenue	Principal	Interest		
2014	\$ 6,259	-	\$ 6,259	\$ 8,265	\$ 2,352		0.59	
2013	4,620	-	4,620	7,190	2,653		0.47	
2012	5,298	-	5,298	11,020	2,500		0.39	
2011	4,494	-	4,494	7,465	3,659		0.40	
2010	6,919	-	6,919	5,680	4,238		0.70	
2009	6,535	-	6,535	6,620	4,507		0.59	
2008	6,375	-	6,375	6,285	4,836		0.57	
2007	7,857	-	7,857	5,980	5,144		0.71	
2006	6,725	-	6,725	5,339	4,927		0.66	
2005	5,756	-	5,756	5,155	5,797		0.53	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Civil Courts/Carnahan Courthouse										
Leasehold Revenue Bonds (1) (2)										
Fiscal Year	Court Fees	Court Expenses	Net Operating Available			Debt Service		Coverage		
			Revenue	Revenue	Revenue	Principal	Interest			
2014	\$ 1,301	\$ -	\$ 1,301	\$ 3,920	\$ 1,092		0.3			
2013	1,460	-	1,460	2,755	1,207		0.4			
2012	1,492	-	1,492	2,635	1,332		0.4			
2011	1,368	-	1,368	160	1,349		0.9			
2010	1,419	-	1,419	2,255	493		0.5			
2009	1,499	-	1,499	2,155	1,563		0.4			
2008	1,496	-	1,496	2,075	1,651		0.4			
2007	1,354	-	1,354	1,985	1,908		0.3			
2006	1,406	-	1,406	1,905	1,992		0.4			
2005	1,355	-	1,355	1,850	2,050		0.3			

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Convention and Sports Facility Project Revenue Bonds							Coverage
	3.5% hotel sales Tax	Operating Expenses	Net Available Revenue	Debt Service		Interest		
				Principal	Interest			
2014	\$ 8,018	\$ -	\$ 8,018	\$ 4,241	\$ 1,759		1.34	
2013	7,542	-	7,542	4,080	1,920		1.26	
2012	7,365	-	7,365	3,927	2,073		1.23	
2011	6,417	-	6,417	3,781	2,219		1.07	
2010	6,255	-	6,255	3,643	2,357		1.04	
2009	6,513	-	6,513	3,512	2,488		1.09	
2008	5,616	-	5,616	4,088	1,912		0.94	
2007	5,767	-	5,767	3,261	2,739		0.96	
2006	5,388	-	5,388	3,158	2,842		0.90	
2005	5,278	-	5,278	3,061	2,939		0.88	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	10.4% of the		Forest Park		Leasehold Revenue Bonds /		Subordinate Leasehold Revenue Bonds		Coverage
	sales Tax	1/2c capital	Operating Expenses	Net Available Revenue	Debt Service		Interest		
					Principal	Interest			
2014	\$ 3,152	\$ -	\$ -	\$ 3,152	\$ 1,720	\$ 527		1.40	
2013	1,815	-	-	1,815	895	473		1.33	
2012	1,905	-	-	1,905	865	508		1.39	
2011	1,740	-	-	1,740	835	533		1.27	
2010	1,722	-	-	1,722	805	563		1.26	
2009	1,814	-	-	1,814	785	587		1.32	
2008	1,849	-	-	1,849	760	610		1.35	
2007	1,839	-	-	1,839	740	632		1.34	
2006	1,789	-	-	1,789	715	653		1.31	
2005	1,741	-	-	1,741	515	865		1.26	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Recreation Sales Tax						Coverage
	Leasehold Revenue Bonds (1) (2)			Net			
	Parks and Recreation Sales Tax	Operating Expenses	Available Revenue	Debt Service Principal	Interest		
2014	\$ 4,473	\$ -	\$ 4,473	\$ 1,065	\$ 2,172	1.38	
2013	4,323	-	4,323	1,025	2,213	1.34	
2012	4,520	-	4,520	985	2,252	1.40	
2011	4,152	-	4,152	950	2,290	1.28	
2010	4,055	-	4,055	910	2,326	1.25	
2009	4,280	-	4,280	875	2,361	1.32	
2008	4,425	-	4,425	1,665	1,442	1.42	
2007	-	-	-	-	-	-	
2006	-	-	-	-	-	-	
2005	-	-	-	-	-	-	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Police Capital Improvements Sales Tax Leasehold Revenue Bonds (1) (2)						
	10% of the		Less:		Net		Coverage
	1/2c Capital Sales Tax	Operating Expenses	Operating Revenue	Available Revenue	Debt Service Principal	Interest	
2014	\$ 1,889	\$ -	\$ 1,889	\$ 315	\$ 996	1.44	
2013	1,747	-	1,747	300	1,008	1.34	
2012	1,830	-	1,830	290	1,019	1.40	
2011	1,671	-	1,671	280	1,030	1.28	
2010	1,654	-	1,654	265	1,041	1.27	
2009	1,742	-	1,742	255	1,051	1.33	
2008	1,777	-	1,777	1,120	189	1.36	
2007	-	-	-	-	-	-	
2006	-	-	-	-	-	-	
2005	-	-	-	-	-	-	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 16
CITY OF ST. LOUIS, MISSOURI
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	(1) Population	(4)		(1) Median Age	(2) Public School Enrollment	(3) Unemployment Rate
		Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income			
2013	318,416	12,151,780	38,163	34.7	25,200	7.2%
2012	318,069	11,842,448	37,232	34.1	22,516	7.4%
2011	319,008	11,369,625	35,641	33.9	23,576	7.8%
2010	318,842	10,928,301	34,275	34.6	25,046	8.7%
2009	317,955	11,453,476	36,022	35.4	26,108	11.7%
2008	317,959	10,925,710	34,362	36.3	27,574	7.8%
2007	320,131	10,491,667	32,773	36.3	32,135	7.0%
2006	324,945	9,854,572	30,327	35.6	35,361	6.9%
2005	330,988	9,590,266	28,975	35.4	35,251	7.9%
2004	*	9,285,829	26,478	35.7	36,954	8.7%

NOTES:

- (1) Source: Census Bureau -Population estimates since 2000 have been slightly inconsistent because the Census Bureau has used an Administrative Records methodology whereas the City has used a Housing Unit methodology.* Statistics reflect the City's successful challenge of the Bureau's methodology for Calendar Years 2002, 2003, and 2004.
- (2) Data provided by the Missouri Dept. of Elementary and Secondary Education
- (3) Data provided by the U. S. Bureau of Labor Statistics.
- (4) Source: U.S. Bureau of Economic Analysis-Calendar Year 2013 figures are estimates; actual statistics for this period are released in November 2014. Calendar Years 2005-2011 have been updated to reflect actual statistics released as of April 2013.

Table 17
CITY OF ST. LOUIS, MISSOURI
Principal Employers,
Current Calendar Year and Nine Years Ago

Employer	Calendar Year 2013			Calendar Year 2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Washington University	14,932	1	3.42%	12,278	2	2.58%
BJC Healthcare	13,321	2	3.06%	15,059	1	3.16%
St. Louis University	10,146	3	2.33%	9,223	3	1.93%
City of St. Louis	8,171	4	1.87%	9,064	4	1.90%
Defense Finance & Acct Services	6,445	5	1.48%			
Wells Fargo	5,548	6	1.27%			
St. Louis Board of Education	5,090	7	1.17%	7,649	5	1.60%
US Postal Service	4,593	8	1.05%	6,400	7	1.34%
State of Missouri	4,101	9	0.94%	5,582	8	1.17%
AT&T Services	3,587	10	0.82%			
Anheuser Busch, Inc.				5,022	10	1.05%
SBC				6,405	6	1.34%
Tenet Health Systems				5,426	9	1.14%
	<u>75,934</u>		<u>17.42%</u>	<u>82,108</u>		<u>17.23%</u>

Source: City Collector of Revenue

Table 18
CITY OF ST. LOUIS, MISSOURI
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program:	Full-time equivalent employees as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Primary Government Employees:										
General government	485	491	498	509	528	539	535	525	518	514
Convention and tourism	3	3	3	2	2	3	3	3	3	3
Parks and recreation	314	313	313	309	322	328	331	324	328	331
Judicial	681	679	706	714	709	721	717	705	717	726
Streets	455	455	455	455	464	463	458	452	454	456
Fire	781	778	813	829	830	830	830	831	831	830
Police	1,841	1,867	1,940	1,943	1,937	1,992	1,938	1,919	1,916	1,899
Other	749	750	709	716	774	814	804	753	756	762
Health and welfare	213	206	220	219	257	278	274	274	255	287
Public service	217	221	222	224	251	258	256	245	240	259
Community development	61	59	65	65	65	65	66	62	65	64
Business-Type Employees:										
Airport	537	540	555	580	583	637	637	634	623	582
Water Division	341	341	341	361	380	380	376	380	382	384
Parking Division	94	82	89	103	86	90	142	135	162	158
Total Employees	6,771	6,785	6,929	7,029	7,188	7,398	7,367	7,242	7,250	7,255

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>General Government</u>										
Payroll checks issued	180,873	183,489	185,338	191,837	201,642	202,802	269,186	250,945	200,939	194,477
Invoices processed	90,518	95,572	96,571	95,375	98,772	103,352	108,703	107,796	107,943	109,385
Deeds recorded	63,261	74,138	58,991	61,841	66,351	65,740	81,692	107,042	101,638	97,069
Birth and death certificate copies issued	60,780	54,552	55,773	57,898	61,836	65,874	69,107	73,205	76,618	61,677
Marriage licenses processed	2,680	2,358	2,318	2,548	2,570	2,523	2,453	2,739	2,566	2,592
Real property parcels	142,480	143,357	145,166	145,572	145,858	145,507	145,930	142,168	142,351	140,979
Personal property accounts	109,296	107,666	109,439	108,257	108,427	110,285	106,176	105,571	109,342	114,442
Problem properties cases heard*	5,555	7,911	8,942	8,981	8,491	7,932	9,793	6,050	7,954	11,593
Citizen Service Bureau (CSB) calls answered	131,129	119,504	124,637	122,470	102,964	119,531	175,339	223,776	230,541	239,610
CSB service requests issued	65,526	98,306	109,596	119,109	107,116	90,177	107,431	104,909	97,050	96,134
<u>Parks and Recreation and Forestry</u>										
Park use permits issued	3,212	3,056	3,066	3,170	3,727	3,283	3,434	3,251	2,999	2,714
Vacant lot grass cuttings	52,886	52,079	51,845	52,110	51,015	52,929	95,191	68,904	71,578	80,949
Vacant building grass cuttings	24,775	24,366	24,870	24,124	23,520	22,332	51,663	33,320	31,927	41,320
CSB service requests received	22,149	23,116	24,009	25,660	23,007	26,655	47,408	24,665	23,745	22,524
<u>Judicial</u>										
Juvenile cases-referrals *	2,395	2,702	3,031	3,444	3,540	4,282	4,840	5,450	6,686	5,870
Jurors summoned	112,881	55,105	59,650	58,230	65,805	71,187	74,450	74,850	71,300	66,400
Jurors who served	17,265	22,596	23,186	20,019	21,582	26,030	23,874	21,059	22,131	21,628
<u>Streets</u>										
Tons of waste placed in landfills	134,125	150,645	164,134	173,812	185,848	199,725	186,132	195,958	220,085	246,613
Tons of waste recycled	14,686	15,618	12,830	4,842	3,851	4,900	4,855	4,141	1,848	1,784
Vehicles towed	9,197	8,880	8,470	9,850	9,765	11,523	8,829	10,489	11,793	11,508
<u>Public Safety</u>										
<u>Fire</u>										
Suppression calls	56,623	46,959	48,159	59,683	51,464	45,855	45,137	44,751	41,513	41,603
EMS calls	68,772	58,213	61,401	74,929	73,771	60,062	59,241	59,209	58,112	57,960
<u>Police</u>										
Directed calls for service*	237,367	267,435	300,921	309,696	321,015	325,958	348,648	320,499	333,351	343,149
Felony arrests*	12,569	14,205	15,309	13,424	13,284	14,186	14,930	15,162	13,837	13,084
Misdemeanor arrests*	5,043	6,307	8,574	6,986	7,948	8,569	10,048	10,440	10,323	10,820
Police reports written*	66,104	65,337	72,057	76,204	83,339	86,316	94,539	106,086	100,007	99,699

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Public Service</u>										
Contracts executed	125	78	108	81	298	252	205	164	189	170
Bridges inspected	41	44	40	44	33	36	37	36	35	34
<u>Airport</u>										
Major airlines	9	9	10	10	10	10	9	10	9	10
Commuter airlines	16	18	19	19	19	20	22	22	13	12
Air cargo carriers	3	3	3	3	3	3	4	5	6	6
Passengers	12,339,645	12,747,102	12,681,341	12,399,226	12,514,653	13,271,170	15,220,080	15,136,182	16,655,185	14,072,947
Aircraft operations	184,211	189,068	191,653	186,908	195,409	226,052	255,800	260,151	304,631	254,399
<u>Water Division</u>										
Bills issued - metered	51,625	51,512	52,000	52,128	52,432	53,208	53,324	53,388	56,452	54,008
Bills issued - flat rate	317,200	316,904	316,000	316,596	321,720	325,420	327,804	330,420	330,012	328,572
Millions of gallons of water purified	45,265	44,922	46,597	43,345	44,015	46,223	47,479	48,137	48,923	49,724

* Information based on calendar year

Table 20
CITY OF ST. LOUIS, MISSOURI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Parks and Recreation</u>										
Park acreage	3,248	3,248	3,248	3,243	2,960	2,722	2,717	2,717	2,717	2,717
Miles of bicycle paths	38	36	36	36	36	36	36	35	28	27
Athletic fields	153	153	153	152	152	152	152	152	188	188
Recreation centers	9	9	9	7	9	8	9	9	9	9
Neighborhood centers	-	-	-	-	-	1	1	1	1	1
Swimming pools	11	12	12	7	9	8	8	8	8	8
Golf courses	4	4	4	3	3	2	2	2	2	2
<u>Judicial</u>										
Court houses	3	3	3	3	3	3	3	3	3	3
<u>Streets</u>										
Alley containers	26,507	26,507	26,507	27,724	27,724	27,724	27,814	28,282	28,669	28,669
Rollout carts	39,952	39,952	39,952	34,770	21,202	21,202	19,899	20,379		
Recycling containers	5,744	5,744	5,744	3,434	125	136	130	135	116	116
Streets - paved (miles)	21	14	16	18	21	21	30	21	16	16
Streets - (miles)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Alleys (miles)	450	450	450	450	450	450	450	450	400	400
Street, alley and easement lights	70,000	70,000	70,000	70,000	70,000	70,059	69,919	69,839	69,800	69,800
<u>Public Safety</u>										
<u>Fire</u>										
Fire stations	30	30	30	30	30	30	30	30	30	30
Fire department vehicles	122	122	122	122	114	114	144	144	178	178
<u>Police</u>										
Police stations	4	3	3	3	3	3	3	3	4	4
Police vehicles	757	759	757	694	710	703	703	700	651	601
<u>Public Service</u>										
Bridges structurally deficient	15	15	14	15	17	5	16	16	13	6
Bridges functionally obsolete	28	28	27	30	22	20	22	22	26	29
Total bridges	73	73	73	72	71	72	69	71	73	71
<u>Water Division</u>										
Miles of water mains	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Water storage capacity (gallons)	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000
Treatment Plants	2	2	2	2	2	2	2	2	2	2



**Prepared by:
Office of the Comptroller
St. Louis, Missouri**



Honorable Darlene Green, Comptroller



Photo Courtesy: Brett Gregory Steen