

SUMMARY AND OVERVIEW

EXECUTIVE SUMMARY

FY2006 Annual Operating Plan

Each annual operating plan has as its primary task the charge of allocating resources in a manner that furthers City government's mission namely to provide safe neighborhoods, attractive parks and recreation, affordable housing, efficient transportation, a healthy citizenry, a vibrant and diverse economy and an efficient and effective government. As in the previous fiscal year, the FY2006 Annual Operating Plan faces the task of promoting this long term mission of City government while at the same time addressing both short and long term fiscal challenges.

The Annual Operating Plan for FY2006 allocates a total of \$799.4 million for budgeted obligations and has as its overall objective, the sustaining of the current level of service delivery to constituents. The proposed appropriation amount represents a modest 1% increase over the current year appropriation of \$791.0 million. The FY2006 Annual Budget Plan entails a number of initiatives designed to bring the cost of maintaining current

services along with pay increases and contractual obligations in line with limited growth in revenue. One of these efforts is a revenue bond issue that will assume \$21.5 million in scheduled debt service and asset preservation costs in FY06. Of this total, \$11.5 million will be in the form of direct budgetary relief to the General Fund with an additional \$10 million set aside to replenish the unreserved General Fund balance. The issue will also fund a number of capital projects over the next three years for which capital resource funding has been limited. Other recommendations in the Annual Operating Plan reflect the effort to reallocate recurring and one-time revenues in such a way that sufficient funds are available for essential services, that operating costs mandated by State statute are properly addressed and fixed costs relating to ordinances and contracts are adequately funded. Some functions have been shifted where it is anticipated that the shift will result in operational efficiencies or budgetary savings. Recommended staff reductions in the operating plan are minimal by design, as budget planners recognized that staff reductions in previous years have practically exhausted the possibilities of more

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efficiencies to be gained by this method.

The plan proposes funding increases in the cost of personal services necessitated by the cyclical occurrence of 27 bi-weekly paydays in FY2006. This cost was anticipated and funds were set aside for this purpose over the past ten years. Other increases in personal services costs result from 2% across-the-board salary increases for all employees, pay increases for commissioned police officers and firefighters, and increased contributions to the city's three retirement systems. Technological advances in computer applications have served to impose additional costs for replacement of certain computer systems serving the Circuit Courts. The plan also recognizes and funds increases in refuse disposal and fuel costs.

Funds available to support the Plan include grants from federal and state agencies, user fees, and locally generated tax revenues. While there are no tax increases being relied on in the Operating Plan for FY2006, additional new and recurring revenues are included for Police Department services that were instituted in the current year and for a long term lease of city owned parking facilities. One-time revenues supporting the

Plan include proceeds from legal settlements, reappropriation of unused account balances, and the release of prior year's encumbrances that are no longer required. In prior years, state reimbursements for property assessments and inmate housing had been arbitrarily reduced. The State has since increased the reimbursement for property assessment and partially restored the reimbursement rate for inmate housing. The FY2006 Plan incorporates these increases and presumes that the rates will be in effect for the full fiscal year.

Budget allocations reflect the City administration's commitment to retain existing services at the level provided for in the past and as a result, funding is aimed at maintaining the proper staffing level to support this commitment. Funding limitations allow for few new initiatives in the FY2006 Plan. New programs initiated in prior years are continued provided that their effectiveness has been demonstrated. One example is the special neighborhood cleanup programs in spring and fall supported primarily by the Departments of Streets and Parks, Recreation & Forestry. Another example is the program aimed at reducing the potential for lead

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poisoning resulting from exposure to dust in older housing stock. The Problem Properties Unit of the City Counselor's Office will be expanded to build on its successful efforts on pursuing absentee and negligent property owners. The Fire Department in the current year instituted a program to better manage its overtime cost while maintaining its existing level of coverage and funding recommended for FY2006 will allow that program to continue.

In an attempt to avoid reductions in levels of service delivery brought on by unwise cost cutting at a time when the City is beginning to see positive economic results, officials will use proceeds from the revenue bond issue to shore up its funding for capital improvements and debt service payments in the FY2006 plan. While the FY2006 Plan will appropriate less from general revenue for capital improvements and debt service, these costs are not being put off, only transferred where appropriate to the revenue bond issue. Successful consolidations of services initiated in prior years as a cost saving measure are incorporated in the proposal. The revenue bond issue is an essential part of the development of this plan and is necessary to

maintain adequate funding for departments that directly deliver services to the public, primarily those in the Department of Public Safety.

The total recommended budget for FY2006 is \$799.4 million, and is funded by a combination of local tax and fee collections, dedicated funds for enterprise functions and project specific grants. The vast majority of local taxes and fees collected are used in support of general fund activities. The remaining local collections are deposited in special accounts due to legal requirements and are used to augment the services provided by the general fund. These special accounts include those containing the Local Use Tax, revenues from gaming operations, the cable television gross receipts tax, and the state subsidy for property tax assessment. In the Plan, these amounts are further broken down by departmental activities using specific projects and accounts, with appropriate distinctions being made between operating and capital expenditures.

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GENERAL FUND OPERATIONS

The general fund budget in combination with a variety of special funds supports those recurring activities necessary for the operation of City government. These activities are supported by a combination of revenues derived from taxes, fees, fines and intergovernmental transfer payments.

At \$416.4 million, the general fund budget for FY2006 is the largest of the City funding units. In keeping with the City's objective of preserving constituent services, this fund allocates \$239.7 million for public safety functions, including \$143.9 million for police services. The remaining public safety allocation from the general fund provides for fire protection, pre-trial inmate housing, emergency medical services, and various permitting and inspection activities. The general fund budget also dedicates funds for the City's neighborhood stabilization efforts through allocations for solid waste collection and disposal as well as for maintenance of streets, alleys, and parks in the amount of \$48.0 million. Debt service payments for large projects funded through lease arrangements are included in the general fund allocation in the amount of \$8.1 million which

funds a portion of the annual lease payments on the Kiel Center, Carnahan Courthouse, and the Convention Center/Stadium complex. For FY2006, the remaining debt service payments for these projects will be paid from a revenue bond issue. Funding for state and municipal court functions and county offices account for an additional \$49.0 million. The remainder of the general fund budget can be categorized as paying for maintenance and operations of buildings, health care services and administrative functions.

ENTERPRISE FUND OPERATIONS

The Water Division and the Airport are the City's two enterprise funds. Allocations for these departments are included in the FY2006 budget at \$50.0 million and \$141.6 million, respectively. The Water Division receives its income from the sale of water to residents of the City and recently from the sale of water to other municipalities in the metropolitan area. Approximately 8% of the Water Division's budget or \$4.1 million is devoted to retirement of revenue bonds issued for capital improvements to the divisions' two treatment facilities and an

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upgrade of the supporting infrastructure. With a budget of \$141.6 million, the Airport is the City's largest cost center and is supported entirely by user fees paid by airlines and concessionaires, along with federal funds. Approximately 37% of the airport's budget is devoted to debt service payments on revenue bonds for Airport expansion and to facilitate repair and maintenance of the runways and terminals. The remaining budget amounts provide for the administration and daily operations of both the Airport and Water Division.

FEDERAL AND STATE GRANTS

Grant funds secured from agencies at both the State and Federal level are included in the adopted Plan in the amount of \$55.4 million, a 9% decrease from the current year in which the City experienced a 6% decrease. The largest portions of these dollars are used to augment locally funded social service programs and are allocated through the Department of Health and the Department of Human Services. Necessary services are delivered by the City either directly or by contract. In FY2006, \$28.4 million in grant funds will be allocated for use by these two

departments. Public safety and neighborhood stabilization issues are addressed with miscellaneous project specific grants administered by the Police Department and the Local Law Enforcement Block Grant. Grants for this category total \$8.1 million in FY2006. The remaining grant funds supplement the City's efforts in the provision of job training services through the St. Louis Agency for Training and Employment and with providing administrative support for the Law Department and the Community Development Agency.

CAPITAL IMPROVEMENTS

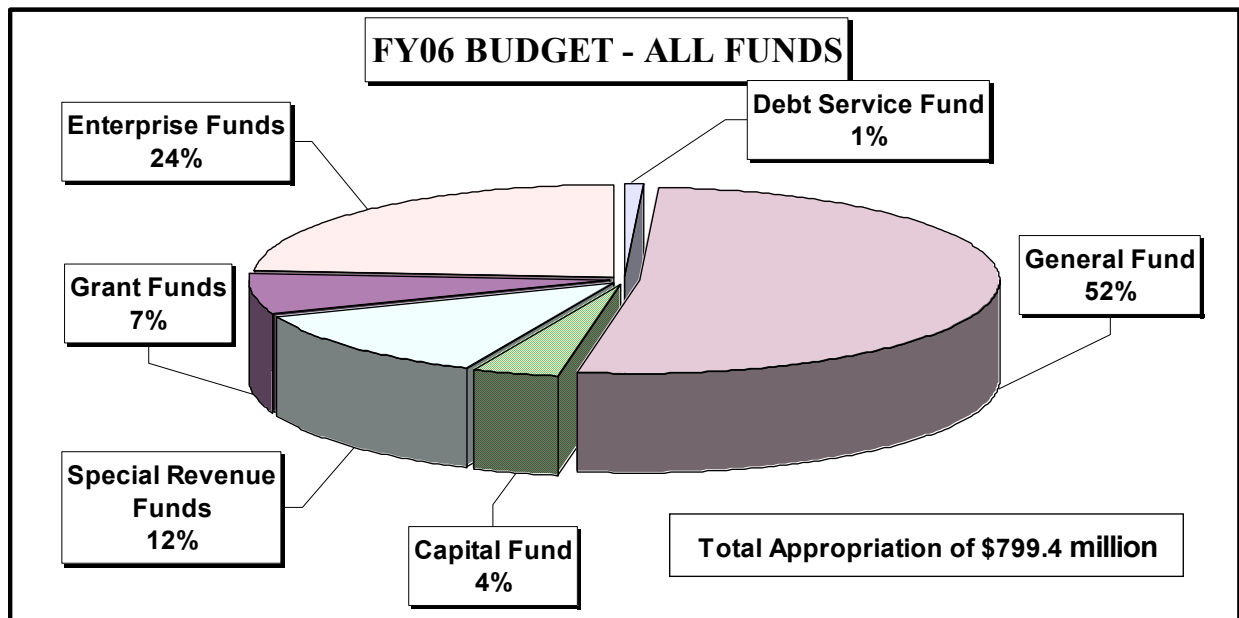
The budget allocates \$31.0 million in funds dedicated to equipment purchases and capital improvements. The sources include a dedicated sales tax, a portion of the state gasoline tax, gaming admissions receipts, and proceeds from asset sales. Projects funded include infrastructure improvements to bridges, streets, and buildings, as well as debt service on previously approved projects such as the Justice Center and Civil Courts Building.

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OTHER SPECIAL REVENUE FUNDS

The remaining allocations in the budget are through special funds, the revenues from which are legally required to be accounted for separately from the general fund. This category includes \$24.0 million expected in FY 2006 from the Local Use Tax. Programs funded by the Local Use Tax include health care, building demolition, affordable housing, police services, and neighborhood preservation. This budget also

allocates \$6.7 million from gaming operations which is used for capital improvements and enhancing the safety of the public visiting the riverfront. Other functions for which special revenue funds are allocated in this budget include maintenance of improvements in Forest Park, demolition of condemned buildings, and repair of sewer lines. The graph below illustrates the total budget distributed among fund groups. The following page presents a summary of highlights of the FY2006 Annual Operating Plan.



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Highlights of the FY2006 Operating Plan

- Cost of living pay increases of 2% for non-uniformed employees amounting to \$2.5 million
- Pay increase of \$1,350 for uniformed police and fire employees and increases for civilian employees of the Police Department amounting to approximately \$4.0 million
- Allocation of \$9.6 million in general fund costs for 27th pay – offset by \$8.75 million draw from 27th pay reserve and no reserve contribution in FY06
- Successful limitation of health insurance costs to an approximate overall increase of 2% in FY06
- \$6.8 million increase in contributions to the Police, Fire and Employee Retirement Systems
- \$1.6 million in new lease revenues to Forest Park Maintenance Fund
- \$21.5 million bond issue reduction in convention center debt and tourism related capital costs providing \$11.5 million in direct budgetary relief and \$10 million in savings set aside for unreserved General Fund balance
- Targeted \$580,000 savings in workers' compensation costs
- \$225,000 increase in Forestry Division for enhanced weed and debris control of LRA properties
- \$600,000 in targeted savings from audit of utility usage in City buildings
- \$2.3 million savings in debt service requirement of general and capital funds due to Forest Park debt refinancing
- Approximately \$900,000 reduction in Election Board costs due to non-election year
- Shift of ESD fleet personnel servicing Water Division equipment to the Water Division
- Allocation of \$250,000 for expansion of the Problem Properties Unit of the City Counselor's Office
- \$250,000 reduction in salt and snow chemicals of Street Division due to unused supply from previous year
- Shift of most health laboratory functions to state
- \$450,000 in contractual services of the Health Division for a communicable disease control effort with St. Louis ConnectCare
- Decrease of 29 general fund City positions with a net overall decline from all funds at 24 positions

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The FY2006 Annual Operating Plan includes funds for scheduled debt service obligations on several large construction projects initiated in previous fiscal years. These include the Justice Center, Kiel Center, and the Convention Center and Stadium Complex. In addition to the construction projects noted above, the City has also issued lease debt for repairs and improvements at the Carnahan and Civil courthouses. In order to avoid severe reductions in operating funds, the City will issue approximately \$21.5 million in revenue bonds during the current year. Proceeds from this issue will be used to pay a portion of the annual debt service on the Convention Center Stadium complex and the Kiel Center, with the remainder being appropriated in the FY2006 plan. Projects developed using Tax Increment Financing, with loan repayments generated by the project are also included in the budget.

Social Service initiatives funded in this budget are found in the Department of Health & Hospitals and the Department of Human Services. These funds whether generated locally or as the result of federal or state grants, have been distributed in a manner which seeks to ensure that these services are available to all who are in need. Health and

Human Services program spending is supported by \$14.9 million in local funds and \$28.4 million in federal and state grants.

In the public safety arena, staffing levels for firefighters and emergency medical service personnel has been retained at the current year's level. Commissioned police officer staffing is funded at the level recommended by the Board of Police Commissioners, an average of approximately 1,335 throughout the year. Sufficient funding is provided for recruits and training to maintain that level. The FY2006 plan allocates additional funds through the Capital Budget for structural improvement in parks and at recreation centers while the general fund budget maintains residential and commercial area street maintenance along with refuse collection and disposal.

The allocation of funds for maintenance of city owned parks has been retained at the current year's level and is contingent on approval of the proposal to transfer lease revenues generated by leasing a city-owned garage in Forest Park to the general fund to continue provision of the current level of maintenance at Forest Park. Recreation programming will continue to be

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offered at the existing ten centers located throughout the City.

SUMMARY

In summary, the total budget appropriation for FY2006 is \$799.4 million. Over 50%, or \$416.4 million, is appropriated from general revenue to pay for day-to-day City operations. City general funds are supplemented by approximately \$55.4 million in grants from State and Federal Sources. The remainder of the budget comes from a variety of special and enterprise funds maintained by the City in compliance with specific ordinances or agreements. The allocation of these funds is designed to make the City of St. Louis a more desirable place to live, work and do business. The allocation also reflects the City administration's goal of providing an effective and responsive City government as well as one that can deliver a wide range of recreational, entertaining, and cultural experiences. The service enhancements and infrastructure improvements funded in this plan will promote growth in future economic activity, which will in turn produce tangible results in jobs and fiscal stability.

GENERAL FUND OVERVIEW

Sources of Funds

The revenue available to appropriate for general fund obligations in FY2006 is \$416.4 million, an increase of 3.1% from the current year's budget amount. This amount includes \$8.7 million from a reserve account set up for funding the 27th payday, a cyclical occurrence which is scheduled for FY2006. One-time revenues included in the total amount to \$3.3 million, made up mainly from the proceeds of a judgment awarded to the City in a civil proceeding. Mid-year revenue adjustments were mainly related to single occurrence events; namely, cancellation of the professional hockey season and delayed implementation of revenue producing initiatives.

Earnings and Payroll tax revenue continue to be the most significant revenue source and is expected to account for 38% of all general fund revenue in FY2006. Compared to the revised estimate for the current year, growth in these two sources is forecast at slightly more than 1.0%. Property tax revenue is forecast to increase by 2.9%

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over revised estimates for the current year, reflecting increased assessed value of real estate in the City.

General sales tax revenues for the current year will exceed the original estimate by 3.0%. The estimate for FY2006 presumes no growth over the revised amount pending establishment of an identifiable growth trend. Gasoline tax revenue is a function of the number of gallons purchased in the state and has remained virtually flat. The estimate for FY2006 presumes a continuation of this trend.

Franchise and Utility tax revenue is forecast to increase by approximately \$1.1 million, or 2.2% compared to the revised estimate for the current year. The estimate does not anticipate any significant changes in seasonal weather patterns nor does it incorporate the effect of any rate changes that may be granted by the Public Service Commission. Total revenues from licenses issued by the License Collector are forecast to increase by 2.2% overall with the greatest impact coming from those licenses that are based on gross receipts. This category includes licenses fees from admissions to sporting events, operation of parking garages,

and the gross receipts tax on restaurants and hotel rooms. The estimate also presumes that the License Collector will end the practice of retaining 200% of previous year expenses as operating capital, and will instead relinquish surplus revenues in excess of 50% of the previous year's expenses to the general fund.

New recurring revenue services include income from leasing of city-owned garage and allocations of approximately one-third of cable TV gross receipts taxes for general fund purposes. These two new sources are expected to provide in excess of \$2.1 million in FY2006 and should provide future growth. Departmental revenues consisting mainly of fees for services rendered and reimbursements for incurred costs are forecast to increase substantially due to increased demand for building permits.

Uses of Funds

The FY2006 Annual Operating Plan includes a General Fund budget that seeks to provide for continued and enhanced neighborhood stabilization and an allocation scheme designed to ensure that City departments charged with service delivery are

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provided with the necessary resources to fulfill their missions. Major highlights that differentiate this year's plan from that of last year have been identified in a previous table. These include the allocation of funds sufficient to meet the City's debt service requirements, as well as other contractual obligations.

The budget proposal contains an increase of 3.8% in salary costs due solely to the cyclical occurrence of 27 pay days in the fiscal year, fixed dollar salary increases for commissioned police officers and firefighters, and a 2% across-the-board salary increase for all employees. Also proposed is funding for an increase of 2% in employee health insurance along with a decrease in the recommended funding level for workers' compensation payments. The projected decrease in workers' compensation costs results from new state regulations governing qualifications for receipt of workers' compensation. Recommended contributions to the City's three retirement systems are up by a total of \$6.8 million.

Constituent services that have

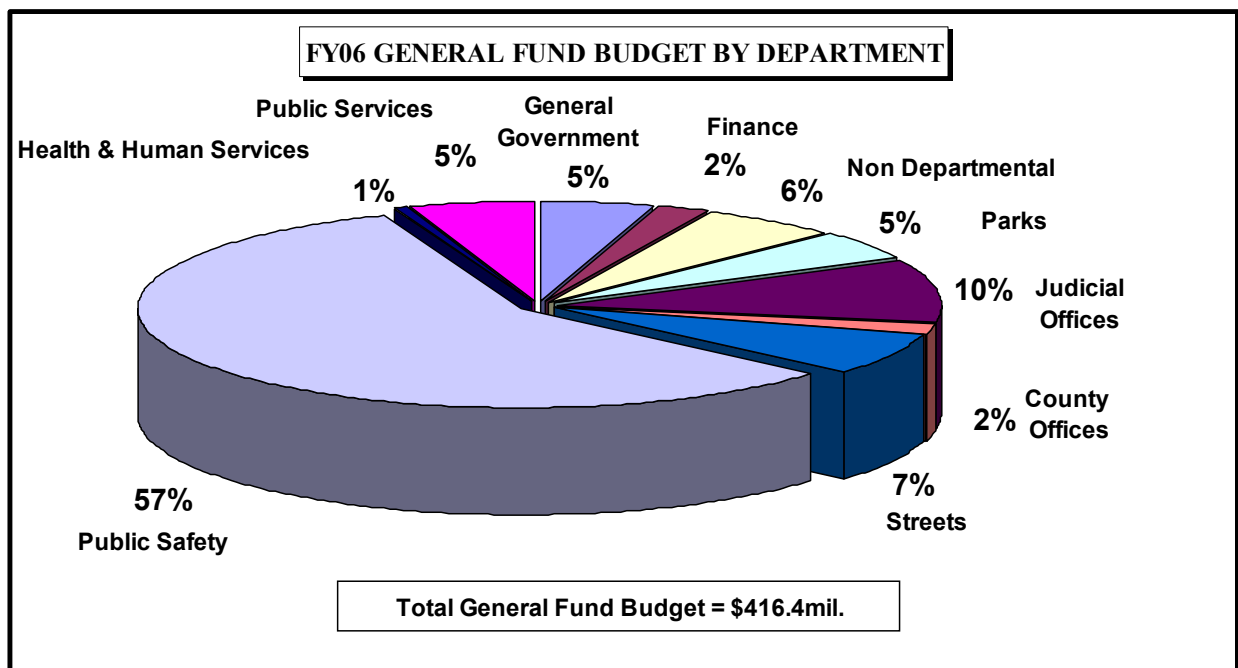
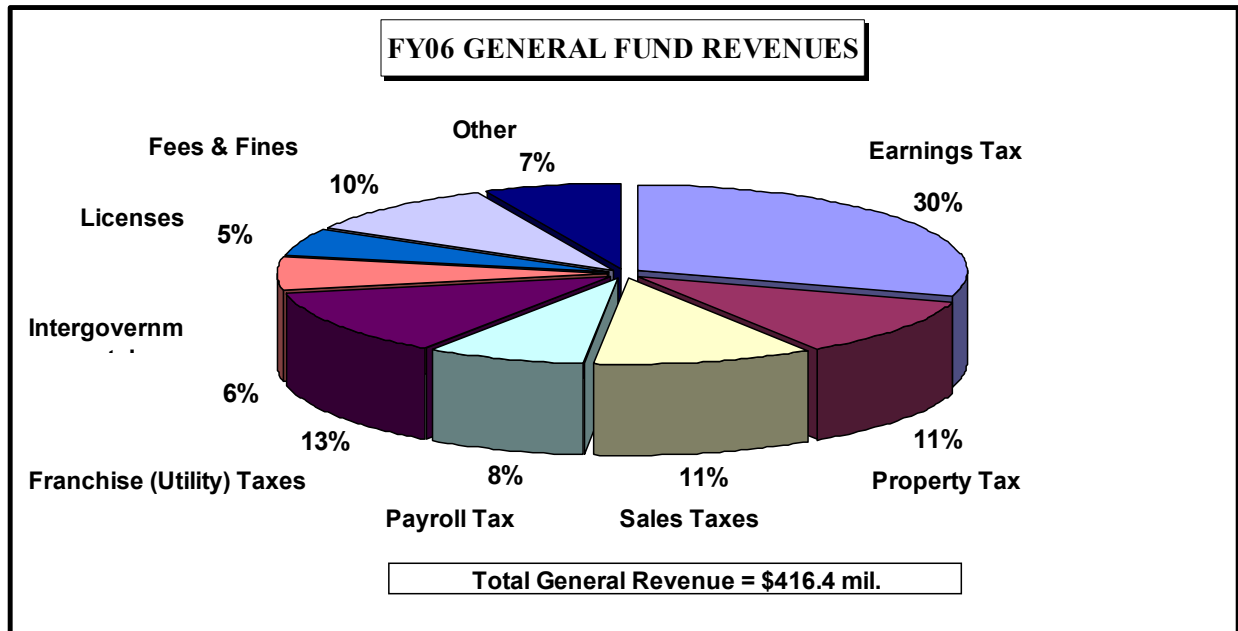
historically been provided are funded at current levels with any enhancements expected to come from operational efficiencies. The recommended allocation for the Department of Streets will allow for maintaining existing schedules for residential and commercial area street cleaning. Refuse collection schedules are also maintained at the current twice weekly pace. Similarly, allocations to the Department of Parks, Recreation, and Forestry will provide sufficient funds to continue maintenance of vacant lots and buildings throughout the year with increased frequency of visits during the growing season. The Plan as recommended also maintains the city's emphasis on ultimately providing a lead-safe environment in its housing stock. Recommended allocations for the Department of Public Safety will require the Fire Department to continue the practice of selectively removing certain firehouses from service when staffing would otherwise require excessive overtime. The allocation for Police Services is sufficient to maintain all current activities and contractual arrangements. Commissioned officer staffing is funded at the level requested by the Board of Police Commissioners.

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The general fund budget as recommended is in balance with available revenues. However, a balanced budget in FY2006 relies on the use of non-recurring revenues mentioned previously and the issuing of revenue bonds to absorb certain costs that would otherwise accrue to the general fund. These one-time revenues in this budget are used to continue to provide needed City services in this period of economic uncertainty.

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The following charts illustrate the sources and uses of funds.



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Projected Operating Results.

Based on the expected operating revenue and the appropriations previously identified, the operating revenues will approximately match the adopted budget.

The table below shows the expected results from operations in FY2006.

Estimated Revenue	\$416,395,000
General Fund Appropriations	416,384,603
Results from operations	<u>\$ 10,397</u>

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CAPITAL IMPROVEMENTS

The City of St. Louis Capital Committee has developed a five-year Capital Improvements Plan containing projects that have an estimated cost of \$400 million. These projects will be funded through a combination of local, state and federal funds. Over the five year period, an estimated \$197 million will be appropriated for cash payments and debt service requirements, and in some cases the local matching share for road and bridge repair projects and major flood protection projects. The FY2006 Capital Budget funds the first year of the plan with a recommended appropriation of \$31.0 million. Sales taxes for capital improvement will generate \$16.5 million in FY2006 or approximately 53% of the total revenue. Other revenues supporting the capital budget include \$0.9 million from asset sales, \$3.7 million from projected gaming revenues, \$1.5 million from court fees, \$2.3 million from the Forest Park refunding proceeds, and \$2.1 million from the general fund.

Capital expenses planned for FY2006 include those for projects designed to further the City's goal of

stabilizing neighborhoods as well as increasing the efficiency of service delivery through replacement of vital equipment required to deliver those services. Also included are funds necessary to comply with federal mandates regarding environmental hazards such as treatment of former underground tank sites. Funding policy established by the Capital Committee sets a high priority on leveraging non-city funds to the maximum extent possible to effect major improvements to roads and bridges. For FY2006, funding for major road and bridge projects will be absorbed by a revenue bond issue which will provide the sum of \$7.9 million in addition to the capital budget appropriation.

Ward Improvements - \$7.7 million

Each of the City's 28 wards will be allocated \$275,900 for projects such as neighborhood park improvements, street resurfacing, street lighting enhancements, and refuse container replacement. Actual projects were recommended by the ward alderman subject to approval by the Board of Estimate and Apportionment.

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Major Parks & Recreation Centers – \$3.7 million: The City’s six major parks, Forest, Tower Grove, Carondelet, Fairgrounds, O’Fallon, and Willmore will share \$3.2 million. Planned projects include roadway repairs, skating rink renovations, and improvements to tennis courts. A total of \$0.5 million will be expended from the Recreation Centers account for demolition of dangerous structures at the West End Community Center.

Facility Improvements - \$16.3 million: Funds categorized as being for facility improvements will service previously incurred debt for construction and renovations of several City facilities. In addition, improvements are planned for the city facilities housing the Juvenile Detention Center, including replacement of the heating and cooling system.

Equipment Replacement - \$1.1 million: Planned expenditures include replacement of rolling stock necessary to the refuse collection, street cleaning, and animal regulation functions. A line of credit has been obtained and will be used for a replacement of rolling stock up to the existing available

balance. Replacement and upgrading of computer and the 911 emergency response system is included.

Bridge & Street Improvements - \$7.9 million: Bridge and street improvement projects are funded in conjunction with the federal ISTEA program. The City’s share of those projects averages 20% of the total cost. For FY2006, the required funding for these projects will come from a revenue bond issue and is not included in this proposed appropriation...

BUDGET FORMAT

The remainder of this budget document is divided into the following sections:

Budget Overview: This section provides a more detailed discussion of the City’s projected revenues and expenditures. The discussion includes an overall economic outlook for the City and includes summary tables illustrating projected revenues and appropriations for all funds.

Department and Program Budgets: This section is divided by major City departments.

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Each department begins with a summary of budget statistics and is followed by division and program budgets within each department. The division and program budgets are presented in a format that contains narrative information about respective programs and identifies outputs and projected performance levels.

Capital Improvements: The City's FY2006 Capital Budget and Capital Improvement Plan are presented in this section. A detailed discussion of the five-year plan and description for each capital project are being submitted under a separate cover.

Appendix: The appendix includes supplemental information about the City and its budget including debt issues, the budget process, trends in personnel, etc.

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BUDGET OVERVIEW

This section presents summary information on the FY2006 Annual Operating Plan for the City of St. Louis. The discussion that follows describes the economic outlook for the City and region in the context of both the national and state perspective and presents a comprehensive review of the general operating fund budget as well as for enterprise and special revenue funds. Also presented in this section are summary tables of sources and uses of funds for all fund groups and descriptions of the major sources of revenue for FY2006.

ECONOMIC OUTLOOK

U. S. Economic Outlook

The national economic outlook is encouraging when taking into account the facts that real Gross Domestic Product, (GDP) has risen for two years and that the expectation for calendar year 2005 is an increase of 4.0%. Historically low inflation rates have been the rule for the past decade and the inflation rate in 2005 as measured by the Consumer Price Index (CPI) is now expected to be around 2.5%. Combined with

an expected increase in personal income of over 5% and growth in employment of around 2%, forecasters anticipate corporations will continue to experience profit gains. These factors should also allow consumer spending to remain relatively strong, an important consideration, given that consumer spending comprises over two-thirds of the national economic output. Taken together, these trends point to the economy continuing to rebound, however, potential downside risks still exist with the possibility of rising interest rates and a significant slowing of foreign investment.

The Missouri Economy and Outlook

While the national economy is showing signs of definite recovery, the Missouri economy has lagged behind. The unemployment rate which had been improving actually saw a reverse in the last year. According to data released by the Bureau of Labor Statistics, the state unemployment rate rose to 6.4% in February 2005, compared to 6.1% one year earlier. The percentage increase may mask better economic news when considered with other information provided by the Missouri Department of

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Economic Development which reports that payroll employment grew in the state by 39,000 jobs or 1.5% in the year ending March 2005. More encouraging is the fact that these new jobs were spread over the state's diverse set of industries. The only major industry group to report actual job losses over the period is Telecommunications where downsizing and mergers have led to this circumstance. However, gains in the manufacturing, educational and health services, as well as the leisure and hospitality sectors more than make up for the telecommunications losses and if maintained will further stimulate the state's economy.

St. Louis Economic Outlook

The City of St. Louis is the core of an eleven county metropolitan area covering parts of both Missouri and Illinois, and as such is the employment and entertainment center of an area containing a population of 2.6 million residents. It is also the office center of the region with over 24 million square feet of office space. The metropolitan area and the City are major industrial centers in the Eastern Missouri-Southwestern Illinois area with a broad range of industries.

Although the distribution of jobs across industry sectors has resulted in a decline in the City's share, the City remains a significant source of employment in the region with nearly 20% of all the jobs. Job growth in the City has been concentrated in the service sector since the City is growing as a service center and the outlook is for long-term employment growth in the areas of medical, business, and recreational services, as well as in education and tourism.

Signs of economic improvement are also evident in retail activity. Retail sales in the City of St. Louis proper grew at a rate of 2.0 % during the twelve month period ending March 2005 following on the heels of several years of stagnant or declining activity. Property values continue to increase, with the latest information indicating an average rise of 34% in real estate assessment values since the previous reassessment which is done every two years. This trend is expected to continue as the City for the second year in a row has recorded record numbers of building permits. More importantly, the trend in population loss has stopped and by some measures has actually been reversed with the City showing a modest increase in population from the last

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official census. These positive changes are indicative of continuing investment in the City and are expected to solidify and enhance economic growth.

Through the provision of City services, maintenance of infrastructure and promotion of tourism and business development, the City will be assured of its continuing role as the region's economic center.

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FY2006 OPERATING PLAN

FUND GROUPS

The total appropriation for the City of St. Louis for FY2006 totals \$799.4 million. In addition to this appropriation, there are funds such as the Community Development Block grant and the Street Improvement funds among others that are appropriated separately.

The following is a brief description of the major funds subject to appropriation followed by tables illustrating recent revenue and expenditure history as well as projected performance in FY2006.

General Fund

The General Fund is the general operating fund of the City and accounts for all financial transactions not required to be accounted for in another fund. General Fund expenditures account for about one-half of all City expenditures. As the general operating fund, general fund revenues pay for the majority of services delivered to and paid for by citizens. These include administrative costs as well as more visible services such as police and fire protection, emergency and

other medical services and maintenance of parks and streets.

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds contained in this category include, government grants, the convention and tourism fund, gaming fund, assessment fund, lateral sewer fund, capital funds, tax increment financing funds, transportation fund and other miscellaneous special funds. The debt service fund is used to account for revenues and expenses related to the City's general obligation (property tax supported) debt and is also included as a special fund. Two other funds are included in this group for illustrative convenience. The City's mail room service operates as an internal service fund in that it provides mail service to departments on a reimbursement basis. The employee benefits fund is an agency fund in that it administers expenditures for the City's various health plans funded by appropriations from other City funds as well as contributions from City employees.

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Enterprise Funds

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 cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise funds in the operating plan are the Water Division and Airport operations. The Parking Meter Division is also operated as an enterprise fund and is separately appropriated

Detailed descriptions of funds within each of these fund groups can be found in the glossary in the Appendix of these documents.

The tables on the following pages contain summary budget information for all funds. A more detailed discussion of the general fund budget and descriptions of trends in major sources of revenue follow.

FY06 REVENUE SUMMARY - ALL FUNDS
(in millions)

	FY04 Actual	FY05 Revised	FY06 Budget	Percent Change FY05-06
General Fund				
Earnings Tax	\$121.1	\$121.9	\$123.7	1.5%
Property Tax	43.1	44.5	45.8	2.9%
Sales Tax	44.9	45.2	45.2	0.0%
Payroll Tax	31.5	31.6	32.0	1.0%
Franchise (Utilities) Taxes	52.3	51.1	52.2	2.2%
License Fees	20.9	21.6	22.3	3.0%
Grants & Intergovernmental Revenues	24.2	24.9	25.2	1.5%
Department User Fees and Fines	39.0	38.8	41.7	7.5%
Transfers	13.2	16.3	28.2	73.1%
	\$390.2	\$396.0	\$416.4	5.2%
Special Revenue Funds				
Property Tax	\$7.0	\$7.2	\$7.2	0.6%
Franchise (Utilities) Taxes	4.3	4.5	4.5	0.0%
Local Use Tax	25.2	24.0	24.0	0.0%
Other Taxes	18.8	19.9	19.9	0.0%
Grants & Intergovernmental Revenues	57.1	69.1	63.4	-8.2%
Department User Fees and Fines	42.2	53.0	47.3	-10.8%
Transfers	2.1	1.3	1.3	0.0%
Fund Balances and Other Resources	4.2	4.8	3.7	-22.9%
	\$160.7	\$183.7	\$171.2	-6.8%
Capital Improvements Funds				
1/2 Cent Sales Tax	\$16.3	\$15.7	\$16.5	4.8%
Metro Parks Sales Tax	1.5	0.0	1.6	
Grants & Intergovernmental Revenues	1.0	0.6	0.6	0.0%
Department User Fees and Fines	1.4	1.5	1.5	0.0%
Transfers	12.5	9.5	5.8	-38.5%
Other Resources	2.0	3.3	3.2	-4.5%
Balances / Surpluses Previous Years	0.1	2.7	1.8	-31.9%
	\$34.8	\$33.3	\$31.0	-6.8%
Enterprise Funds				
Franchise (Utilities) Taxes	\$3.8	\$3.9	\$4.2	7.7%
Enterprise Revenues	183.6	194.8	193.3	-0.7%
	\$187.4	\$198.7	\$197.5	-0.6%
Total General Appropriation	\$773.2	\$811.6	\$816.2	0.6%
Funds Appropriated Separately				
Community Development (CDBG) & Housing Grants *	\$28.4	\$27.9	\$28.7	2.6%
Street Improvement Fund	4.6	4.6	4.6	0.0%
Parking Division Revenues	13.0	11.5	12.4	7.7%
Transportation Fund Revenues	24.8	28.6	28.9	0.9%
(* excluding CDBG admin. portion included in general appropriation)	\$70.8	\$72.6	\$74.5	2.5%
Total All Sources	\$844.0	\$884.2	\$890.6	0.7%

FY06 BUDGET SUMMARY - ALL FUNDS
(in millions)

Fund	FY04 Actual	FY05 Budget	FY06 Budget	Percent Change FY05-06
General Fund	\$397.3	\$403.1	\$416.4	3.3%
Special Revenue Funds				
Debt Service Fund	\$5.7	\$5.7	\$5.7	0.1%
Capital Fund	\$33.9	\$34.8	\$31.0	-10.9%
Assessment Fund	\$3.7	\$4.0	\$4.1	3.2%
Employee Benefits Fund	\$35.8	\$41.2	\$30.8	-25.2%
Convention and Tourism Fund	\$3.9	\$4.1	\$4.3	5.2%
Convention and Sport Facility Trust Fund	\$5.2	\$5.8	\$5.8	0.0%
Lateral Sewer Fund	\$3.2	\$3.2	\$3.2	0.0%
Cable Communications Fund	\$1.7	\$1.4	\$1.3	-5.3%
Port Authority	\$3.5	\$3.4	\$3.1	-8.1%
Riverfront Gaming Fund	\$5.2	\$4.9	\$5.0	2.6%
Local Use Tax Fund	\$20.8	\$27.9	\$26.0	-6.9%
Other Special Revenue Funds	\$11.9	\$15.0	\$15.7	4.4%
	<u>\$134.5</u>	<u>\$151.3</u>	<u>\$136.0</u>	<u>-10.1%</u>
Grant Funds				
St. Louis Agency on Training and Employment	\$13.4	\$8.3	\$8.2	-0.4%
Community Dev. Planning & Administration	\$4.9	\$4.7	\$4.8	3.7%
Health and Human Services	\$12.9	\$12.9	\$12.9	-0.3%
Police Department	\$6.9	\$6.6	\$6.0	-9.2%
Other Grants	\$17.4	\$25.3	\$23.5	-7.3%
	<u>\$55.5</u>	<u>\$57.7</u>	<u>\$55.4</u>	<u>-4.1%</u>
Enterprise Funds				
Water Division	\$42.7	\$48.6	\$50.0	2.8%
Airport Authority	\$221.3	\$130.3	\$141.6	8.7%
	<u>\$264.0</u>	<u>\$178.9</u>	<u>\$191.6</u>	<u>7.1%</u>
Total General Appropriation	<u>\$851.3</u>	<u>\$791.0</u>	<u>\$799.4</u>	<u>1.1%</u>
Separate Appropriations ¹				
Community Development (Net Planning/Adm.)	\$31.3	\$29.9	\$30.7	2.7%
Street Improvement Fund	\$5.0	\$4.5	\$4.5	0.0%
Parking Division Funds	\$10.3	\$11.5	\$12.4	7.5%
Transportation Trust Funds	\$28.6	\$28.6	\$28.9	0.9%
	<u>\$75.2</u>	<u>\$74.5</u>	<u>\$76.4</u>	<u>2.6%</u>
Total Appropriations	<u>\$926.5</u>	<u>\$865.6</u>	<u>\$875.9</u>	<u>1.2%</u>

¹ CDBG & housing grants and Street Improvement funds appropriations are for calendar years 2003, 2004, and 2005 and are appropriated separately. Spending for any one grant year appropriation may occur over a period of several years

**FY06 BUDGET - ALL FUNDS
BY DEPARTMENT**

Department		General Fund	Special Funds Revenue	Grant	Enterprise Funds	Total Funds
GENERAL GOVERNMENT						
110	Board of Aldermen	2,398,460	-	-	-	2,398,460
120	Mayor's Office	1,932,760	57,999	-	-	1,990,759
121	St. Louis Agency on Training and Emp.	-	-	8,227,242	-	8,227,242
123	Department of Personnel	2,853,946	-	-	-	33,645,761
	Employee Benefits Fund	-	30,791,815	-	-	-
124	Register	161,445	-	-	-	161,445
126	Civil Rights Enforcement Agency	360,720	-	56,782	-	417,502
127	Information Technology Service Agency	5,196,909	142,407	-	-	5,339,316
137	Budget Division	591,289	-	-	-	591,289
139	City Counselor	5,694,424	251,610	846,570	-	6,792,604
141	Planing and Urban Design	-	-	1,645,870	-	1,645,870
142	Community Development Administration	-	-	3,181,200	-	3,181,200
143	Affordable Housing Commission	-	6,007,727	-	-	6,007,727
	Subtotal	19,189,953	37,251,558	13,957,664	-	70,399,175
FINANCE						
160	Comptroller	7,428,064	-	-	-	10,979,658
	Lateral Sewer Fund	-	63,060	-	-	-
	Tax Increment Financings	-	2,060,679	-	-	-
	Trustee Lease Fund	-	873,600	-	-	-
	Grant and Other Funds	-	-	554,255	-	-
162	Municipal Garage	287,139	-	-	-	287,139
163	Microfilm	337,853	-	-	-	337,853
170	Supply Commissioner	600,174	-	-	-	600,174
171	Multigraph	971,005	-	-	-	971,005
172	Mail Room	-	835,119	-	-	835,119
180	Assessor	-	4,115,278	-	-	4,115,278
	Subtotal	9,624,235	7,947,736	554,255	-	18,126,226
NON-DEPARTMENTAL						
190	City Wide Accounts	24,460,634	-	-	-	32,822,634
	Convention and Tourism Fund	-	4,312,000	-	-	-
	Riverfront Gaming Fund	-	4,050,000	-	-	-
	Subtotal	24,460,634	8,362,000	-	-	32,822,634
PARKS, RECREATION & FORESTRY						
210	Director, Parks, Recreation and Forestry	424,507	1,800,000	-	-	2,224,507
213	Division of Recreation	2,006,830	68,910	-	-	2,075,740
214	Division of Forestry	6,928,803	131,283	-	-	7,060,086
220	Division of Parks	9,463,947	1,600,000	115,288	-	11,179,235
250	Tower Grove Park	696,000	-	-	-	696,000
	Subtotal	19,520,087	3,600,193	115,288	-	23,235,568
JUDICIAL OFFICES						
310	Circuit Clerk	1,179,572	-	-	-	1,179,572
311	Circuit Court	7,178,047	-	-	-	7,178,047
312	Circuit Attorney	5,880,335	2,134,116	737,918	-	8,752,369
313	Board of Jury Supervisors	1,463,964	-	-	-	1,463,964
314	Probate Court	78,000	-	-	-	78,000
315	Sheriff	8,037,208	-	-	-	8,037,208
316	City Courts	2,775,574	-	-	-	2,775,574
317	City Marshal	1,241,582	34,081	-	-	1,275,663
320	Probation and Juvenile Detention Center	14,488,543	791,696	-	-	15,280,239
321	Circuit Drug Court	296,655	-	-	-	296,655
	Subtotal	42,619,480	2,959,893	737,918	-	46,317,291
COUNTY OFFICES						
330	Tax Equalization Board	10,400	-	-	-	10,400
331	License Collector	-	5,815,000	-	-	5,815,000
333	Recorder of Deeds	2,382,285	-	-	-	2,382,285
334	Board of Election Commissioners	2,219,830	-	-	-	2,219,830
335	Medical Examiner	1,627,060	-	125,000	-	1,752,060
340	Treasurer	656,916	-	-	-	656,916
	Subtotal	6,896,491	5,815,000	125,000	-	12,836,491

**FY06 BUDGET - ALL FUNDS
BY DEPARTMENT**

Department		General Fund	Special Funds Revenue	Grant	Enterprise Funds	Total Funds
PUBLIC UTILITIES						
401	Cable Communications	-	1,168,475	-	-	1,168,475
414	Soulard Market	247,757	-	-	-	247,757
415	Water Division	-	-	-	50,021,548	50,021,548
420	Airport Authority	-	-	-	141,610,872	141,610,872
	Subtotal	247,757	1,168,475	-	191,632,420	193,048,652
STREETS						
510	Director of Streets	1,001,257	373,760	-	-	4,469,801
	Lateral Sewer Fund	-	3,094,784	-	-	-
511	Traffic and Lighting	7,718,875	-	-	-	7,718,875
513	Auto Towing and Storage	1,708,951	-	-	-	1,708,951
514	Street Division	5,638,517	-	-	-	5,638,517
516	Refuse Division	12,999,897	1,062,739	402,403	-	14,465,039
520	Port Authority	-	3,113,000	-	-	3,113,000
	Subtotal	29,067,497	7,644,283	402,403	-	37,114,183
PUBLIC SAFETY						
610	Director of Public Safety	721,898	-	-	-	721,898
611	Fire Department	50,189,038	25,000	75,861	-	50,289,899
612	Firefighter's Retirement System	6,542,560	-	-	-	6,542,560
616	Excise Commissioner	350,027	-	-	-	350,027
620	Building Commissioner	7,442,003	8,707,104	3,201,104	-	19,350,211
622	Neighborhood Stabilization	1,748,902	-	2,223,739	-	3,972,641
632	Medium Security Institution	15,477,775	-	-	-	15,477,775
633	City Justice Center	14,562,982	-	-	-	14,562,982
650	Police Department	135,413,005	2,300,000	5,863,991	-	143,576,996
651	Police Retirement System	8,486,263	-	-	-	8,486,263
	Subtotal	240,934,453	11,032,104	11,364,695	-	263,331,252
HEALTH AND HOSPITALS						
700	Director, Health and Hospitals	749,587	50,000	691,625	-	1,491,212
710	Health Commissioner	-	1,134,616	-	-	1,134,616
711	Communicable Disease Control	-	2,174,708	9,020,436	-	11,195,144
714	Animal Regulation Center	-	965,925	-	-	965,925
715	Community Sanitation and Vector Control	-	2,346,802	1,337,224	-	3,684,026
716	Lead Poisoning Control	-	430,114	470,131	-	900,245
719	Immunization Service	-	665,472	1,069,863	-	1,735,335
737	Health Care Trust Fund	-	5,000,000	0	-	5,000,000
	Subtotal	749,587	12,767,637	12,589,279	-	26,106,503
HUMAN SERVICES						
800	Director of Human Services	1,388,862	589,914	15,520,726	-	17,499,502
	Subtotal	1,388,862	589,914	15,520,726	-	17,499,502
BOARD OF PUBLIC SERVICE						
900	President, Board of Public Service	3,113,425	220,498	-	-	3,333,923
903	Facilities Management	8,768,883	-	-	-	8,768,883
910	Equipment Services Division	9,595,484	-	-	-	9,595,484
930	Soldier's Memorial	207,775	-	-	-	207,775
	Subtotal	21,685,567	220,498	-	-	21,906,065
CAPITAL IMPROVEMENTS FUND						
		-	31,015,496	-	-	31,015,496
DEBT SERVICE FUND						
		-	5,670,198	-	-	5,670,198
TOTAL BUDGET		\$416,384,603	\$136,044,985	\$55,367,228	\$191,632,420	\$799,429,236

FY06 BUDGET SUMMARY BY FUND (in million \$)

Sources and Uses	General Fund	Local Use Tax Fund	Tourism Fund	Convention & Sports Facility Trust Fund	Assessment Fund	1116 Special Funds	Communications Fund	Lateral Sewer Fund	Riverboat Gaming Fund	SLATE
Projected Beginning Fund Balance	\$7.500	\$3.168	\$0.070	\$0.000	\$0.432	\$5.502	\$0.175	\$2.498	\$0.808	n/a
Revenues										
Earnings Tax	123.700	--	--	--	--	--	--	--	--	--
Property Tax	45.813	--	--	--	1.564	--	--	--	--	--
Sales & Use Taxes	45.240	24.000	--	--	--	--	--	--	--	--
Motor Vehicle Sales Tax	3.500	--	--	--	--	--	--	--	--	--
Gasoline Tax	10.100	--	--	--	--	--	--	--	--	--
Payroll Tax	31.950	--	--	--	--	--	--	--	--	--
Franchise (Utilities) Taxes	52.224	--	--	--	--	--	1.600	2.700	--	--
Restaurant Taxes	2.200	--	4.252	--	--	--	--	--	--	--
3.5% Hotel Sales Tax	--	--	--	5.815	--	--	--	--	--	--
Other Taxes	0.250	--	--	--	--	--	--	--	--	--
License Fees	22.270	--	--	--	--	--	--	--	--	--
Enterprise Revenues	--	--	--	--	--	--	--	--	--	--
Grants / Other Intergovt. Revenues	3.700	--	--	--	0.861	--	--	--	5.150	8.273
Dept. User Fees, Fines & Other Rev.	41.488	--	--	--	0.127	14.613	--	--	0.020	--
Transfers In	33.960	--	--	--	1.659	0.300	--	--	--	--
Other Resources	0.000	--	--	--	--	--	--	0.150	--	--
Total Sources of Fund:	\$416.395	\$24.000	\$4.252	\$5.815	\$4.211	\$14.913	\$1.600	\$2.850	\$5.170	\$8.273
Appropriation:										
Personal Services	320.294	11.037	--	--	3.496	4.740	1.213	0.779	0.950	1.906
Materials & Supplies	15.243	0.204	--	--	0.038	0.590	0.036	0.008	0.010	0.059
Rental & Non Capital Leases	1.702	0.059	--	--	0.010	0.114	0.002	0.005	0.000	0.598
Non Capital Equipment	0.338	0.007	--	--	0.012	0.111	0.002	0.000	0.010	--
Capital Assets	1.962	0.000	--	--	0.000	0.118	0.000	0.042	0.000	0.000
Contractual & Other Services	53.919	14.717	0.135	--	0.560	6.725	0.058	2.325	0.055	5.710
Debt Service	9.181	0.005	--	--	--	0.835	--	--	--	--
Transfers Out :										
Capital Lease Payments	2.086	--	--	--	--	--	--	--	--	--
Other Transfers Out	11.659	--	4.177	5.815	--	1.850	0.500	--	4.000	--
Total Uses of Funds	\$416.384	\$26.029	\$4.312	\$5.815	\$4.116	\$15.083	\$1.811	\$3.158	\$5.025	\$8.273
Projected Ending Fund Balance	\$17.511	\$1.139	\$0.010	\$0.000	\$0.527	\$5.332	(\$0.036)	\$2.190	\$0.953	\$0.000

nb: Fund balances exclude 27th pay reserves and other designated balances.

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* CDBG funds and St. Louis Street Improvement Fund are appropriated on a calendar year basis and are under separate appropriating ordinances. Fund balances rollover and do not require reappropriation.

FY06 BUDGET SUMMARY BY FUND (in million \$)

Sources and Uses	Community Development Agency *	1164-69 Grant Funds	Street Improvement Fund *	1217-22 Capital Improvement Funds	General Obligation Debt Service	Tax Increment Financings	Water Division Enterprise Fund	Airport Enterprise Fund	Mail Services Internal Service Fund	Employees Health & Hosp. Funds
Projected Beginning Fund Balance	n/a	n/a	\$0.300	\$2.410	\$6.388	\$0.000	\$3.538	\$52.421	(\$0.034)	(\$5.500)
Revenues										
Earnings Tax	--	--	--	--	--	--	--	--	--	--
Property Tax	--	--	--	--	5.675	--	--	--	--	--
Sales & Use Taxes	--	--	--	17.509	--	--	--	--	--	--
Motor Vehicle Sales Tax	--	--	0.800	--	--	--	--	--	--	--
Gasoline Tax	--	--	--	0.625	--	--	--	--	--	--
Payroll Tax	--	--	--	--	--	--	--	--	--	--
Franchise (Utilities) Taxes	--	--	3.355	--	--	--	4.000	--	--	--
Restaurant Taxes	--	--	--	--	--	--	--	--	--	--
3.5% Hotel Sales Tax	--	--	--	--	--	--	--	--	--	--
Other Taxes	--	--	--	--	--	2.061	--	--	--	--
License Fees	--	--	--	--	--	--	--	--	--	--
Enterprise Revenues	--	--	--	--	--	--	43.952	138.872	--	--
Grants / Other Intergovt. Revenues	34.612	41.137	--	--	--	--	--	--	--	--
Dept. User Fees, Fines & Other Rev.	--	--	--	1.500	--	--	--	--	0.835	33.293
Transfers In	--	--	--	5.786	--	--	--	--	--	--
Other Resources	--	--	0.045	3.150	--	--	--	--	--	--
Total Sources of Fund:	\$34.612	\$41.137	\$4.200	\$28.570	\$5.675	\$2.061	\$47.952	\$138.872	\$0.835	\$33.293
Appropriation:										
Personal Services	4.729	13.657	--	1.000	--	0.218	21.037	38.656	0.283	0.518
Materials & Supplies	0.046	0.457	--	--	--	0.012	8.198	5.259	0.004	0.017
Rental & Non Capital Leases	0.511	0.020	--	--	--	--	0.305	0.242	--	0.004
Non Capital Equipment	0.022	0.150	--	--	--	0.005	0.104	0.562	--	0.012
Capital Assets	0.050	0.154	--	--	--	--	0.791	1.281	--	0.000
Contractual & Other Services	29.254	26.699	4.500	13.757	--	--	15.517	42.436	0.548	30.242
Debt Service	--	0.000	--	16.223	5.670	1.826	4.070	53.184	--	--
Transfers Out :										
Capital Lease Payments	--	--	--	--	--	--	--	--	--	--
Other Transfers Out	--	--	--	--	--	--	--	--	--	--
Total Uses of Funds	\$34.612	\$41.137	\$4.500	\$30.980	\$5.670	\$2.061	\$50.022	\$141.620	\$0.835	\$30.793
Projected Ending Fund Balance	\$0.000	\$0.000	\$0.000	\$0.000	\$6.393	\$0.000	\$1.468	\$49.673	(\$0.034)	(\$3.000)
nb: Fund balances exclude 27th pay reserves and other designated balances.										

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* CDBG funds and St. Louis Street Improvement Fund are appropriated on a calendar year basis and are under separate appropriating ordinances. Fund balances rollover and do not require reappropriation.

SUMMARY AND OVERVIEW

FY2006 GENERAL FUND BUDGET

The FY2006 general fund budget as proposed is \$416.4 million, an increase of 3.1% over the approved budget for the current year. The proposed allocation was developed based on the complementary objectives of maintaining existing citizen service levels and continuation of directing the majority of resources to the provision of Public Safety and enhancing the city's now stabilizing neighborhoods. The budget proposal in conjunction with a separate recommendation to issue revenue bonds will accommodate all fixed obligations including debt service costs, mandated costs imposed by state statutes and contractual commitments. Proceeds from the proposed revenue bond issue will augment the proposal by providing funds for debt service on some major projects including the Convention Center complex and the Kiel Center, thereby relieving the general fund of this obligation on a one time basis. The proposal includes substantial increases in the recommended amount to be set aside for contributions to the city's three retirement systems, with the majority of the increase being dedicated to the two systems providing post employment benefits for police officers

and firefighters. Remaining resource allocations have been designed to reflect current service delivery needs and a concerted attempt was made to include sufficient funding to continue providing service at the level that stakeholders have come to expect.

The general fund allocation for Police services is proposed at \$143.9 million, an amount which represents 34.6% of the total budget. The proposed amount is based on funding the total amount requested by the state appointed Board of Police Commissioners and includes funding for an average staffing level of approximately 1,335 commissioned officers and sufficient recruiting and training funds to maintain the recommended level of staffing. The proposal also recognizes a need to increase contributions to the Police Retirement system and included in the allocation for Police services is an increase in the amount paid to the retirement system amounting to 100% of the current year's contributed amount, aimed at further reducing the gap between the system's projected assets and liabilities. The proposal recommends funding for the Fire and Emergency Medical Services operations at \$50.2 million with an additional \$6.2 million

SUMMARY AND OVERVIEW

allocated for employer contribution and debt service payments associated with the Firefighters Retirement System. If approved at the recommended amounts, the proposal will provided sufficient funding for continuous operation of 30 engine houses throughout the city and not unlike the proposal for Police Retirement system funding, will double the employer contribution to the Firefighters Retirement system.

Some successful neighborhood stabilization initiatives that began as pilot programs have now become institutionalized as part of the budget allocation process. A prime example is the District Debris program in the Forestry Division in which vacant or abandoned property is maintained by the city on a systematic schedule. This program is funded at a level sufficient to provide grass cutting and debris removal in a timely fashion which will help to enhance the quality of life in those neighborhoods. Allocations for services provided by the Division of Refuse will allow the city to continue to provide the current level of refuse collection and disposal services to citizens without imposing a surcharge on customers. Street cleaning

services will also be provided in residential neighborhoods on a monthly basis and in the commercial business district on a daily basis.

Service delivery changes which were instituted in the current year including transfer of vehicle maintenance responsibility to the Police Department and shifting a portion of the lead paint abatement program to the Building Division have achieved the desired results and are included in this funding proposal. In the current proposal, additional vehicle maintenance responsibilities are being shifted from the Equipment Services Division to the Water Division, an enterprise operation thereby resulting in general fund savings and future cost avoidance.

Allocation of general fund revenues to finance and maintain public improvements is again proposed albeit to a considerably lesser extent due to the availability of proceeds from a revenue bond issue which will relieve the general fund of a portion of the debt obligation in FY2006. Appropriations in this plan will service a portion of the debt on the Justice Center, Civil Courts Building, Carnahan Courthouse and the Convention Center. The recommended appropriations for

SUMMARY AND OVERVIEW

these projects is \$8.1 million, an amount which is a decrease of \$11.8 million from the current year and which when combined with appropriations from the expected revenue bond issue will be sufficient to meet all debt service requirements.

Fixed increases accommodated in the FY2006 proposal include the impact of a 2% across-the-board pay increase for employees other than commissioned police officers and firefighters, a fixed dollar increase of \$1,350 per year for commissioned police officers and firefighters, as well as the impact of the cyclical occurrence of 27 pay days in the year. Other increases in the cost of personal services include an approximate 2% rise in the cost of employer provided health insurance and a \$6.8 million increase in contributions to city's 3 retirement systems. The proposal does provide funding for a special election to be held during the 2005 calendar year, but due to the fact that FY2006 is not a multiple election year, the recommended appropriation for operating costs for the Board of Elections is approximately \$1.0 million less than last year. All increases in the budget proposals under the authority of the Circuit Court are included in the Plan as a result of statutory

requirements to leave unaltered any budget estimates submitted by the Court. However, with permission and support of the Circuit Court, the Plan as proposed would shift the responsibility for funding certain programs that directly benefit youth to newly established Childrens' Services Fund which will benefit from direct property tax support beginning in FY2006.

The proposed budget increases are funded by increases in recurring revenues, decreases in operating costs, draws on reserve accounts, and the use of unappropriated balances in capital improvement accounts. Use of one time revenues and expense reductions to balance the proposed budget will provide necessary funding to maintain service delivery at an acceptable level and allow the City time to explore and put in place permanent funding solutions.

SUMMARY AND OVERVIEW

Major changes in the FY2006 General Fund Budget include:

- 2% cost of living salary increases for all non-commissioned employees amounting to \$2.5 million
- \$1,350 annual salary increase for all commissioned firefighters, police officers and police employees amounting to \$4.0 million
- Allocation of \$9.6 million for 27th pay offset by \$8.75 million draw from 27th pay reserve and no reserve contribution in FY06
- \$6.4 million increase in contributions to Police, Firefighter & Employee Retirement Systems
- \$21.5 million bond issue reduction in convention center debt and preservation costs providing \$11.5 million in direct budgetary relief and \$10 million in savings set aside for unreserved General Fund balance
- New recurring revenue of \$1.6 million from long term lease of city owned garage in Forest Park
- Reduction of \$790,000 in appropriation for Juvenile Services which is to be integrated with new Children Services Fund effort
- \$600,000 targeted reduction in utility costs based on citywide utility audit
- \$900,000 reduction in allocated costs for election activities based on the number of scheduled elections
- Shift of fleet maintenance personnel servicing Water Division fleet to the enterprise
- \$580,000 targeted savings in workers' compensation costs
- \$225,000 increase in Forestry Division for enhanced weed and debris control of LRA properties

SUMMARY AND OVERVIEW

FY2006 GENERAL FUND REVENUES

Revenues available to support the budget for general operations are forecast at \$416.4 million. The recurring portions of these revenues are generated by a variety of sources, the most significant being taxes on employment. Other major revenue sources include taxes on property and retail sales, along with various business license fees and intergovernmental revenues from the State of Missouri. The remaining recurring general fund revenues are comprised of departmental receipts for services rendered and fines resulting from ordinance violations. One-time sources include proceeds from a civil court judgment, release of previously encumbered funds, and the balance from a reserve account set up to accumulate necessary amounts for the 27th pay period which occurs in FY2006.

Employment based taxes, a category which includes the earnings tax, payroll expense tax, and the graduated business license fee provide the largest share of general fund revenues. In FY2006 this group is expected to provide 40% of all general fund revenues. The increase for this group is forecast at less than 1.4% over revised estimates for FY 2005. Of this group, the

earnings tax applied to individual's earnings and business profits is the most significant and is forecast to generate \$123.7 million, an increase of 1.5% from the FY2005 budget amount. The payroll expense tax, a function of total wages paid for work performed in the City, and the graduated business license fee, which is based on the number of full time equivalent workers in the City, are both key indicators of employment trends in the City. Together these two revenue sources are forecast to generate \$39.8 million in FY2006. As is the case with earnings tax, this estimate represents a slight increase over the current budget amount.

The FY 2005 estimate for Property Tax revenues was overly optimistic at 6.6%. A mid year adjustment has reduced the expected growth rate to 3% in the current year. That rate of growth is in line with recent history and a 3% growth factor has again been applied to the FY2006 estimate. The mid year adjustment for retail sales tax revenues indicates growth over the previous year, signaling an end to a period of four consecutive years of declining retail sales. The FY2006 estimate of \$45.2 million presumes that the decline has ended but does

SUMMARY AND OVERVIEW

not anticipate further growth in this area. Franchise taxes, a category which includes a gross receipts tax on privately owned utility companies and the City-owned Airport and Water Division should provide \$52.2 million, an increase of 2.2% over the FY 2005 revised estimate. There are no rate increases incorporated in the forecast as these require approval by the Public Service Commission, a non-city agency.

As in past years estimated receipts from the sale of natural gas and electricity are based on existing rates and average usage with extreme weather conditions being factored.

Revenues from sources associated with the hospitality and entertainment industry are projected to bring in approximately \$22.7 million in FY2006. As a group these sources which include the amusement, restaurant, parking, and hotel taxes have grown over the past few years, fueled primarily by the addition of over 1,000 new hotel rooms. Current year revenues from this group have been adversely affected by the cancellation of the professional hockey season. The FY2006 projection presumes the

resumption of professional hockey, but that revenues will be off from what could otherwise be considered a normal season. A 5% increase in reimbursement rates for housing state prisoners awaiting trial will generate a marginal increase in intergovernmental revenues.

Departmental receipts which include user fees, as well as fines and court costs is expected to be lower than the budget amount for the current year due to a change in application of court costs to certain cases adjudicated in City Courts.

SUMMARY AND OVERVIEW

Earnings and Payroll Tax

Employment based tax revenue, i.e. earnings and payroll taxes provide the largest share of the City's general revenue. Corporate downsizing and business closings have had a negative impact on the number of jobs in both the City proper and the metropolitan area. Earnings taxes are paid on both individual employee gross earnings and on net profits earned in the City by businesses. Payroll tax is a business tax applied to the wages paid to employees for work done in the City. A review of collections through the end of the third quarter indicate that collections for the year will meet or exceed the original revenue projection. Earnings and payroll expense taxes in FY2006 are projected to provide \$123.7 and \$32.0 million, respectively. Together, these two sources account for nearly 40 percent of total general fund revenues and the estimated amount represents a growth factor of 1.4% the current year.

Tourism and Amusement Tax

Convention and tourism based revenues contributing to the general fund

consists of a gross receipts tax on hotels and restaurants. In FY2006, hotel and restaurant gross receipts taxes are expected to provide \$12.2 million, an increase of 3.0 percent over the current year's budget amount of \$11.8 million. The expected increase is generated by continuing growth in restaurant tax receipts which are growing at a rate of 4% pr year. Amusement tax revenues which are a function of ticket prices to sporting events are expected to experience a small decrease as professional hockey renews its fan base following cancellation of the 2005 season. For FY2006, amusement taxes are forecast to provide \$8.0 million, a decrease 4.50% from the current budget estimate.

Sales Tax

Local sales tax revenues will account for \$45.2 million based on the local tax rate of 1.375%. The current year official estimate of sales tax revenues projected a continuation of the decline that began in FY2001. A review of the most recent data now indicates that the current year's receipts will actually be higher than the previous year by at least 3%. The FY2006 estimate incorporates the known increase but does not anticipate continuing

SUMMARY AND OVERVIEW

growth.

Property Tax

Property tax revenues, which will account for more than 10% of the general fund in FY 2006 continue to provide an important piece of the general revenue pie. The forecast for next year recognizes the growth in the real estate assessments and the statutory prohibition against the realization of a revenue windfall resulting from reassessment of real property. Revenue from real property is allowed an increase limited to an accepted inflation index, plus any increases resulting from new construction. FY2006 revenues anticipate continued growth in the assessed value of real property and no significant change in personal property tax assessed values, with a net change of approximately 3%.

Franchise Tax

Revenues from franchise taxes are forecast at \$52.2 million. Because the majority of these revenues are based on the gross receipts of utility companies, they are to a great extent dependent on changes in weather patterns, and to a lesser extent on

regulatory agency actions. An expected decline in revenues from telephone service providers will tend to offset increased revenues from sales by the City-owned water utility company.

License and Permits

License and permit revenue is expected to increase from the current year's revised estimate, by approximately 2.2% with increases in gross receipts based licenses such as the ones levied on parking garages and sporting events. Building permit revenue is expected to be at least \$1.0 million higher due to increased activity and some identifiable special projects. Some of the increase will be offset by an expected decrease in revenue from the cigarette license tax. Others, such as liquor, graduated business, and automobile licenses are forecast to remain at the current year's level.

Intergovernmental Revenues.

Revenues received from the State include the motor vehicle sales tax and a gasoline tax, both of which are imposed statewide and distributed to local jurisdictions

SUMMARY AND OVERVIEW

based on a statutory or constitutional formula.

The projection for FY2006 for both automobile and gasoline tax revenues presumes no significant growth from the currently expected amounts. This category also includes state reimbursements for the cost of housing pre-trial inmates and placements of juvenile offenders. Housing reimbursements are forecast to be higher, reflecting a 5% increase in the per-diem rate.

**CITY OF ST. LOUIS
GENERAL FUND REVENUE ESTIMATE**

Revenue Category	Actual FY04	Projected Receipts FY05	Projected Receipts FY06	Percent Change
Earnings Tax	\$121,111,509	\$121,850,000	\$123,700,000	1.5%
Sales Taxes	44,916,621	45,240,000	45,240,000	0.0%
Property Tax	43,146,116	44,509,000	45,813,000	2.9%
Payroll Expense Tax	31,483,891	31,620,000	31,950,000	1.0%
Franchise / Utility Taxes:				
Electricity	22,417,304	22,500,000	23,000,000	2.2%
Natural Gas	9,457,333	9,600,000	9,600,000	0.0%
Telephone	10,301,187	9,200,000	9,200,000	0.0%
Water	3,752,539	3,900,000	4,200,000	7.7%
Airport	5,397,528	5,150,000	5,300,000	2.9%
All Other franchise fees	946,069	774,000	924,000	19.4%
Subtotal	52,271,960	51,124,000	52,224,000	2.2%
Intergovernmental Revenues:				
Gasoline Tax	10,069,537	10,100,000	10,100,000	0.0%
Health Care Payments	3,180,193	3,700,000	3,700,000	0.0%
Prisoner Housing Reimbursement	5,389,825	5,568,000	5,848,000	5.0%
Juvenile Detention Reimbursements	1,842,737	1,843,000	1,843,000	0.0%
Motor Vehicle Sales Tax	3,522,048	3,500,000	3,500,000	0.0%
Intangible Tax	184,691	150,000	250,000	66.7%
Subtotal	24,189,031	24,861,000	25,241,000	1.5%
Licenses:				
Graduated Business License	7,564,500	7,800,000	7,800,000	0.0%
Cigarette Occupational License	2,019,068	1,804,000	1,774,000	-1.7%
Sports and Amusement	7,116,208	7,600,000	7,997,000	5.2%
Automobile	1,353,249	1,375,000	1,375,000	0.0%
Parking Garages and Lots	2,353,702	2,500,000	2,550,000	2.0%
Other Licenses	508,473	548,000	774,000	41.2%
Subtotal	20,915,200	21,627,000	22,270,000	3.0%

**CITY OF ST. LOUIS
GENERAL FUND REVENUE ESTIMATE**

Revenue Category	Actual FY04	Projected Receipts FY05	Projected Receipts FY06	Percent Change
Departmental Revenues:				
Fines and Forfeits	7,594,479	7,158,000	7,208,000	0.7%
Building and Occupancy Permits	6,348,479	6,563,000	7,553,000	15.1%
Departmental User Fees & Other	25,081,993	25,112,500	26,984,000	7.5%
Subtotal	39,024,951	38,833,500	41,745,000	7.5%
Convention and Tourism Taxes:				
Hotel / Motel Gross Receipts ¹	5,166,867	5,815,000	5,815,000	0.0%
Restaurant Gross Receipts - 1 cent ¹	3,822,652	3,915,000	4,177,000	6.7%
Restaurant Gross Receipts - 1/2 cent	2,051,792	2,200,000	2,200,000	0.0%
Subtotal	11,041,311	11,930,000	12,192,000	2.2%
All other revenues and transfers	2,149,846	4,372,000	7,270,000	66.3%
27th Pay Reserve	0	0	8,750,000	n/a
Subtotal	2,149,846	4,372,000	16,020,000	266.4%
TOTAL GENERAL FUND REVENUES	\$390,250,436	\$395,966,500	\$416,395,000	5.2%

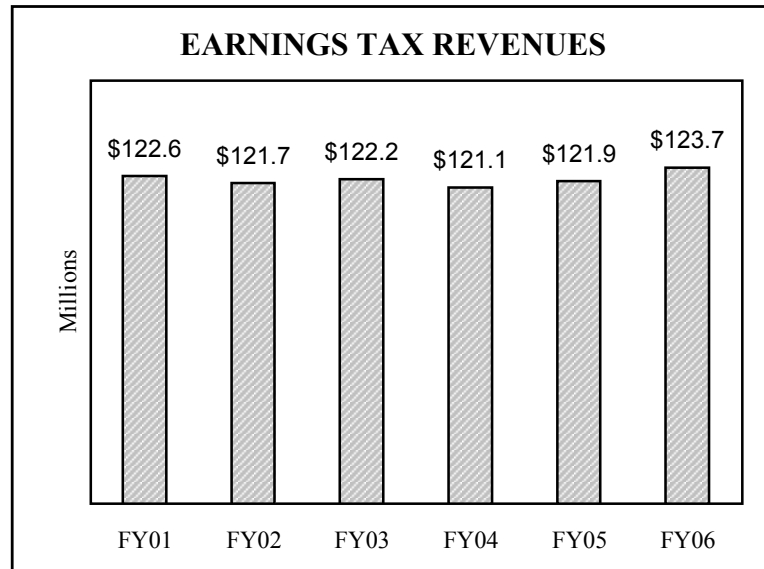
¹ Transfers from convention and sports facility trust fund and convention and tourism fund respectively

EARNINGS TAX

Definition

A one percent tax levied against employee gross compensation and business net profits.

The tax applies to all residents of the City of St. Louis regardless of where they work. It also applies to the earnings of non-residents who work within the city limits.



Discussion

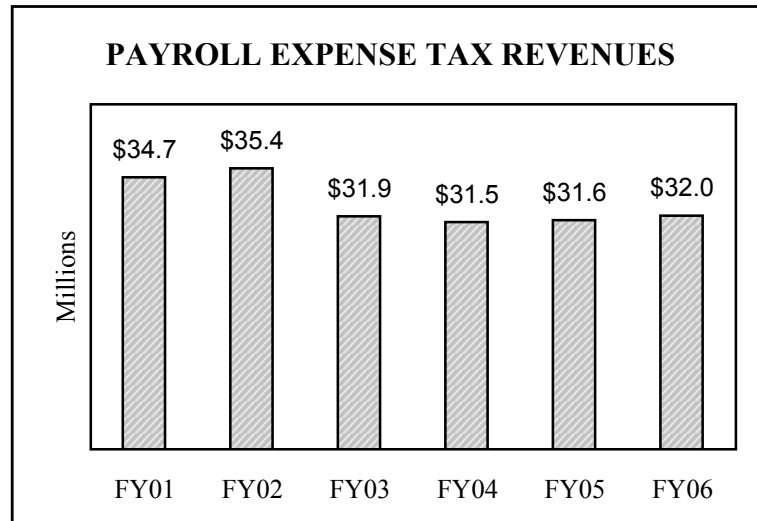
The city earnings tax is the most significant single source of general fund revenues, comprising approximately 30% of the total revenues. Receipts from individual taxpayers comprise about 85 percent of total earnings tax revenues, with businesses paying the remaining 15 percent. The Collector of Revenue is authorized by State law to retain a percentage of collections to pay for office operations. Funds not used for operations, including interest, are returned to the city.

Following recent years with little to no growth in general fund receipts, Earnings Tax revenues have shown modest growth over the past 12 months. Revenues for FY06 are projected to increase 1.5%.

PAYROLL EXPENSE TAX

Definition

A tax of one-half of one percent of total compensation paid by a business to its employees for work performed in the City of St. Louis. Not-for-profit charitable or civic organizations are exempt from the payroll expense tax.



Discussion

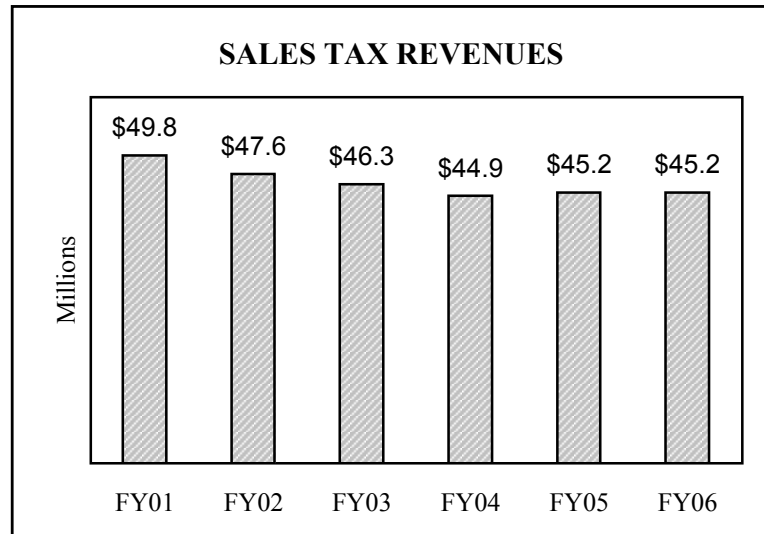
The payroll expense tax was implemented in 1988 as part of an overall tax reform package, the aim of which was to redesign the city revenue base to be more attuned to changes in the economy. Payroll expense tax receipts follow trends in earnings tax collections, but grows at a different rate, due to a somewhat different base and exemptions noted above. FY2006 revenues are forecast to increase by 1% following 3 years of decline.

SALES TAX

Definition

A one and three-eighths percent tax levied on retail sales in the City of St. Louis. Sales tax is not levied on certain items, including motor fuels, prescription drugs, food purchased with food stamps, all sales by or to not for profit organizations and residential utility charges.

Discussion



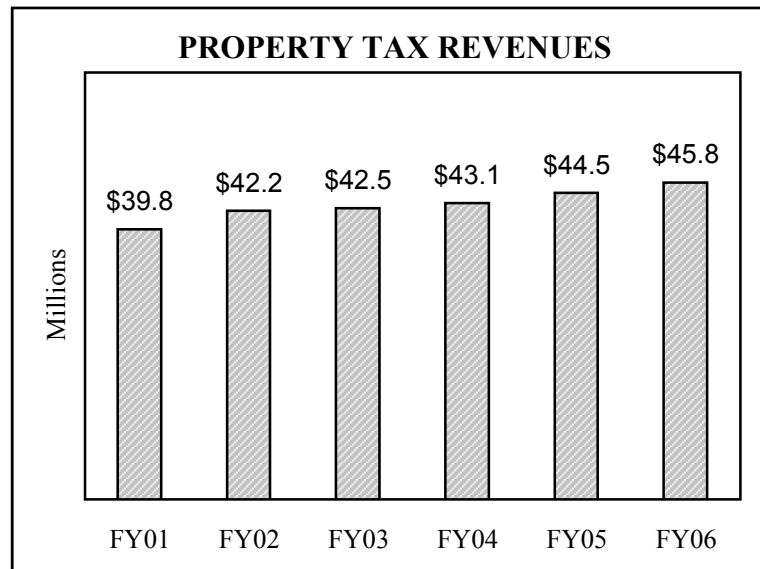
The FY2006 projection incorporates growth in the current year but does not anticipate additional growth in the general fund portion due to the increasing number of TIF projects and resulting adjustments.

Separate sales taxes not included in the above figures are the City's 0.5% (half cent) sales tax for capital improvement purposes (described in another section) as well as 0.5% and 0.25% sales taxes for transportation purposes that are allocated to the regional transit authority, a 0.10% regional parks sales tax and a 0.66% education sales tax which brings the total local sales tax rate in the city to 3.392%.

REAL AND PERSONAL PROPERTY TAXES

Definition

A tax levied on the assessed value of all real and personal property. The current tax rate is \$7.3007 per \$100 assessed value



Discussion

Real and personal property tax revenues are distributed to the following taxing jurisdictions.

State	\$0.0300
Schools	4.3040
Community College	0.2368
Library	0.5561
Zoo, Museum, Garden District	0.2756
Sewer District	0.0690
Sheltered Workshop	0.1490
Community Mental Health	0.0894
City - General Purposes	1.4395
City - Public Debt	0.1513
TOTAL	\$7.3007

Taxes are levied on all real and personal property owned as of January 1 in each year. Tax bills are normally mailed in November and payment is due by December 31, after which taxes become delinquent. Assessment ratios are 19% for residential property, 32% for commercial property, and 12% for agricultural real estate. Personal property is assessed at 33.3% of the appraised market value.

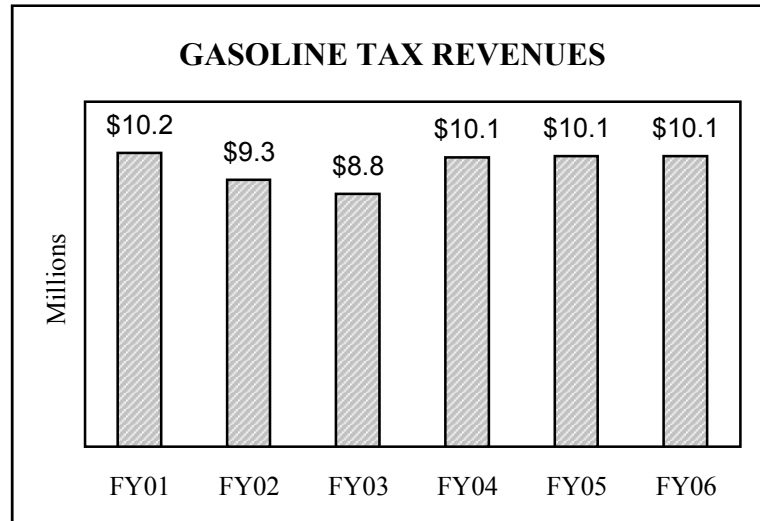
In addition to the rate shown, commercial real property is taxed at a rate of \$1.64 per \$100 assessed valuation, as a replacement for the Manufacturer's Inventory tax

Property tax revenues to the general fund are projected to increase by 2.9% in FY2006.

GASOLINE TAX

Definition

A per unit tax levied on the sale of motor fuel purchased statewide. The gasoline tax is levied by the state and remitted monthly to local jurisdictions based on the proportionate share of the total population.



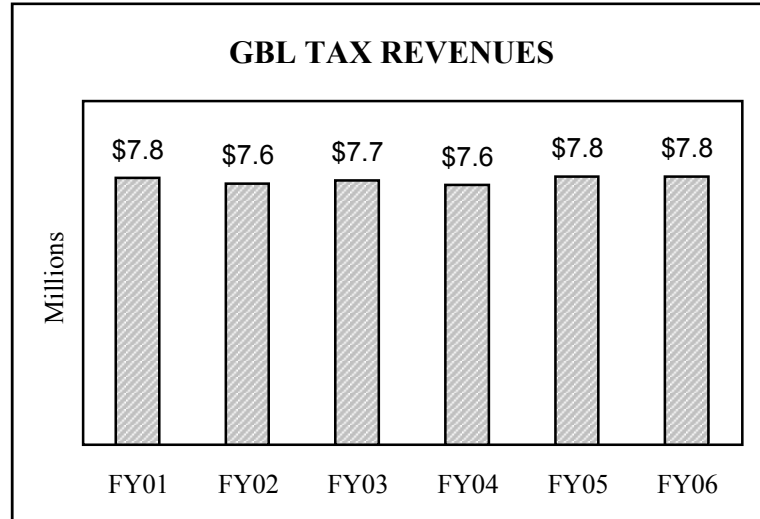
Discussion

The gasoline tax rate imposed by the State of Missouri is \$0.17 per gallon. The City receives distributions from the state both for its status as a city and a county. The formula for distribution for these revenues is based on the jurisdiction's population as a percentage of all jurisdictions. As a result of the 2000 census, the City has seen a decline in its share of gasoline tax revenue distributions beginning in FY02. Amounts depicted in the chart above represent the city's allocation based on its status as a city and are deposited to the general fund to offset the cost of maintaining streets and highways. An additional \$0.6 million is received based on the city's status as a county and is deposited to the capital fund to offset the cost of road and bridge projects.

GRADUATED BUSINESS LICENSE TAX

Definition

A flat rate tax on businesses based on the number of persons a business employs within the city limits. The tax rate ranges from \$150 for employers with two or fewer employees to \$25,000 for employers with more than five hundred employees.



Discussion

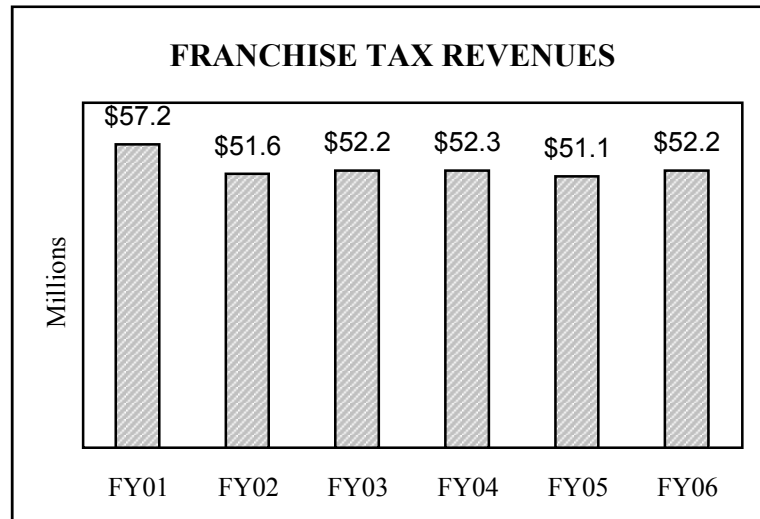
The graduated business license tax and provides a consistent source of revenue of just under \$8.0 million per year. As indicated by the chart above, the level of employment activity has remained relatively constant. Taxes are based on the following schedule.

<u>Number of Employees</u>	<u>GBL Tax</u>
501 or more	\$25,000
401-500	\$23,000
301-400	\$20,000
201-300	\$17,000
151-200	\$13,500
101-150	\$10,000
76-100	\$7,500
51-75	\$5,000
41-50	\$3,000
31-40	\$2,000
21-30	\$1,500
11-20	\$1,000
6-10	\$500
3-5	\$250
2 or fewer	\$150

FRANCHISE TAX

Definition

A tax on the gross receipts of utility companies operating within the city, including sales of electricity, natural gas, telephone services, water and steam, and on the gross receipts of the Airport.



Discussion

The tax rate for companies supplying natural gas and electricity is 10% of the gross receipts from their commercial customers and 4% of the gross receipts from residential customers. Companies supplying telephone service, steam and water are taxed at 10% of their gross receipts from all customers. The taxes are passed on to the ultimate consumers.

The tax on natural gas and electricity account for about two-thirds of all franchise tax revenue. Rate changes for supplying natural gas, electricity, and telephone service are subject to approval by the Missouri Public Service Commission. In FY01, increases in the cost of natural gas resulted in significantly higher revenues from natural gas taxes. Revenues in subsequent years reflect a return to more normal usage and rates.

CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual FY04	Revised Estimate FY05	Projected Receipts FY06	Percent Change
SPECIAL FUND REVENUES:				
Local Use Tax Fund	\$25,158,664	\$24,000,000	\$24,000,000	0.0%
Fund Balance	0	3,800,000	2,000,000	-47.4%
	<u>25,158,664</u>	<u>27,800,000</u>	<u>26,000,000</u>	<u>-6.5%</u>
Convention and Tourism Fund				
Restaurant Gross Receipts Tax (1%)	3,935,152	4,128,000	4,128,000	0.0%
	<u>3,935,152</u>	<u>4,128,000</u>	<u>4,128,000</u>	<u>0.0%</u>
Convention and Sports Facility Fund				
Hotel and Motel Sales Tax (3.5%)	5,103,778	5,815,000	5,815,000	0.0%
	<u>5,103,778</u>	<u>5,815,000</u>	<u>5,815,000</u>	<u>0.0%</u>
Assessment Fund				
Real Estate Tax	1,184,153	1,518,516	1,564,000	3.0%
State Reimbursements	653,564	861,000	861,000	0.0%
Other	86,510	126,590	126,600	0.0%
General Fund Subsidy	2,050,000	1,259,000	1,459,000	15.9%
Fund Balance	0	200,000	100,000	
	<u>3,974,227</u>	<u>3,965,106</u>	<u>4,110,600</u>	<u>3.7%</u>
Miscellaneous Special 1116 Funds				
Forest Park Fund	902,906	800,000	3,400,000	325.0%
Child Support Unit	1,923,455	2,000,000	2,000,000	0.0%
Street Excavation Fund	286,989	375,000	375,000	0.0%
Port Authority (incl. gaming lease)	3,194,730	3,085,000	2,810,000	-8.9%
Building Commissioner - Lead Remediation	1,303,969	1,600,000	1,935,000	20.9%
Building Commissioner - Bldg. Demolition	1,456,565	1,600,000	1,935,000	20.9%
Police Officer Training Fund	74,078	100,000	100,000	0.0%
Communicable Disease - Immunization Fund	85,451	0	0	
Health Division - Other Special Revenue	326,842	270,000	270,000	0.0%
Equitable Relief from Utility Tax	74,732	75,000	75,000	0.0%
Battered Persons Shelter Fund	146,381	150,000	150,000	0.0%
BPS Special Project Funds	0	200,000	220,000	n/a
Other Special Revenue Funds	276,316	225,200	1,469,716	552.6%
Fund Balances	0	0	300,000	
	<u>10,052,414</u>	<u>10,480,200</u>	<u>15,039,716</u>	<u>43.5%</u>

CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual FY04	Revised Estimate FY05	Projected Receipts FY06	Percent Change
Communications Fund				
Cable Television Gross Receipts Tax	1,602,178	1,600,000	1,600,000	0.0%
Fund Balance	0	0	210,000	
	<u>1,602,178</u>	<u>1,600,000</u>	<u>1,810,000</u>	<u>13.1%</u>
Lateral Sewer Fund				
Tax receipts and interest	2,743,949	2,850,000	2,900,000	1.8%
Fund Balance	456,847	250,000	200,000	
	<u>3,200,796</u>	<u>3,100,000</u>	<u>3,100,000</u>	<u>0.0%</u>
Riverfront Gaming Revenues (excl. Port lease)				
Adjusted Gross Receipts Tax (@ 2%)	1,420,090	1,450,000	1,450,000	0.0%
Admissions Tax (@ \$1)	3,660,812	3,700,000	3,700,000	0.0%
Interest	2,736	20,000	20,000	
Fund Balance	0	0	0	
	<u>5,083,638</u>	<u>5,170,000</u>	<u>5,170,000</u>	<u>0.0%</u>
Government Grant Fund Revenues				
St. Louis Agency on Training & Employment	10,101,536	8,308,000	8,275,000	-0.4%
Police Department Grants	6,757,770	6,415,000	5,865,000	-8.6%
Community Development (admin. portion)	5,506,245	5,935,000	5,955,000	0.3%
Other Government Grants	27,042,103	40,406,000	35,274,000	-12.7%
	<u>49,407,654</u>	<u>61,064,000</u>	<u>55,369,000</u>	<u>-9.3%</u>
Capital Improvements Funds				
1/2 Cent Sales Tax	16,341,011	15,700,000	16,450,000	4.8%
Metro Parks Sales Tax	1,494,469	0	1,645,000	
Gasoline Tax	600,000	600,000	625,000	4.2%
Previous Year Surpluses / Balances	80,000	2,680,000	1,374,484	-48.7%
Income From Sale Of City Assets	1,868,045	3,300,000	850,000	-74.2%
Transfers from General and Other Funds	12,500,000	9,470,000	5,821,485	-38.5%
Courthouse Restoration Funds	1,416,957	1,500,000	1,500,000	0.0%
Previous Appropriation Rollover	0	0	450,000	
Lease Debt Refunding Proceeds	0	0	2,300,000	
Capital Grants	393,015	0	0	
Interest Earnings	100,218	0	0	
	<u>34,793,715</u>	<u>33,250,000</u>	<u>31,015,969</u>	<u>-6.7%</u>
Debt Service Fund				
Property Taxes	5,826,435	5,675,000	5,675,000	0.0%
	<u>5,826,435</u>	<u>5,675,000</u>	<u>5,675,000</u>	<u>0.0%</u>

CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual FY04	Revised Estimate FY05	Projected Receipts FY06	Percent Change
Tax Increment Financing	9,733,246	10,000,000	10,000,000	0.0%
Trustee Lease Fund - Interest & DSR Earnings	3,737,398	526,900	873,600	65.8%
Mail Services Internal Service Fund	692,235	830,000	835,000	0.6%
Employee Benefits Funds	33,245,000	43,560,000	33,292,000	-23.6%
Fund Balance	0	0	0	n/a
	<u>33,245,000</u>	<u>43,560,000</u>	<u>33,292,000</u>	<u>-23.6%</u>
Subtotal Special Fund Revenues	<u>195,546,530</u>	<u>216,964,206</u>	<u>202,233,885</u>	<u>-6.8%</u>
ENTERPRISE FUND REVENUES:				
Water Division				
Net Sales of Water	37,564,119	39,000,000	40,820,000	4.7%
Gross Receipts Tax	3,752,539	3,900,000	4,200,000	7.7%
All Other Income	2,594,967	2,568,300	3,132,300	22.0%
	<u>43,911,625</u>	<u>45,468,300</u>	<u>48,152,300</u>	<u>5.9%</u>
Lambert St. Louis Airport				
Landing Fees	43,472,647	52,375,000	52,795,000	0.8%
Rents	41,942,007	40,220,000	31,919,000	-20.6%
Utilities and Charges	1,415,826	1,765,000	1,800,000	2.0%
Concessions	21,939,442	20,670,000	23,974,000	16.0%
Interest	5,443,425	6,899,000	6,019,000	-12.8%
Parking and Miscellaneous	10,558,579	12,501,000	14,096,000	12.8%
Pledged PFC Revenues	18,701,954	18,766,000	18,766,000	0.0%
	<u>143,473,880</u>	<u>153,196,000</u>	<u>149,369,000</u>	<u>-2.5%</u>
Subtotal Enterprise Funds	<u>187,385,505</u>	<u>198,664,300</u>	<u>197,521,300</u>	<u>-0.6%</u>
Total Special and Enterprise Revenues	<u>\$382,932,035</u>	<u>\$415,628,506</u>	<u>\$399,755,185</u>	<u>-3.8%</u>

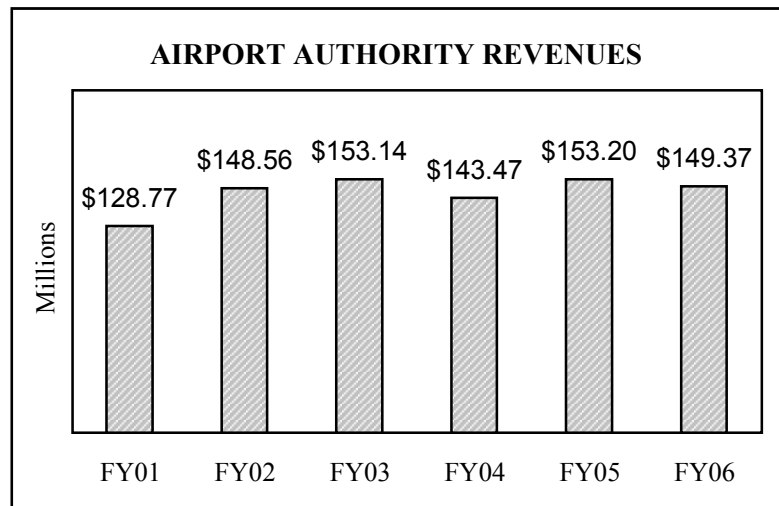
CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual FY04	Revised Estimate FY05	Projected Receipts FY06	Percent Change
Revenues Appropriated Separately:				
Street Improvement Fund				
Motor Vehicle Sales Tax	865,900	850,000	850,000	0.0%
Franchise (Utility) Taxes	3,747,862	3,750,000	3,750,000	0.0%
Interest	21,673	0	0	n/a
	<u>4,635,435</u>	<u>4,600,000</u>	<u>4,600,000</u>	<u>0.0%</u>
Community Dev. Block Grants / Housing Grants (excluding admin. listed above)	28,390,789	27,933,000	28,657,000	2.6%
Total All Special and Other Fund Revenues	<u>\$415,958,259</u>	<u>\$448,161,506</u>	<u>\$433,012,185</u>	<u>-3.4%</u>
Parking Division				
Meter Division Revenues	6,716,207	5,500,000	5,958,227	8.3%
Parking Facility Revenues	6,274,853	5,985,000	6,409,439	7.1%
	<u>12,991,060</u>	<u>11,485,000</u>	<u>12,367,666</u>	<u>7.7%</u>
Transportation Funds				
Transportation 1/2 Cent Sales Tax	16,329,226	19,082,000	19,201,000	0.6%
MetroLink 1/4 Cent Sales Tax	8,466,582	9,541,000	9,667,000	1.3%
	<u>24,795,808</u>	<u>28,623,000</u>	<u>28,868,000</u>	<u>0.9%</u>
Total All Special and Other Fund Revenues	<u>\$453,745,127</u>	<u>\$488,269,506</u>	<u>\$474,247,851</u>	<u>-2.9%</u>

AIRPORT AUTHORITY (Lambert-St. Louis International Airport)

Definition

Airport revenue comes from Signatory Airline Fees, Concession Revenues, Interest Income and Parking fees, in addition to funds provided by the Federal Aviation Administration.



Discussion

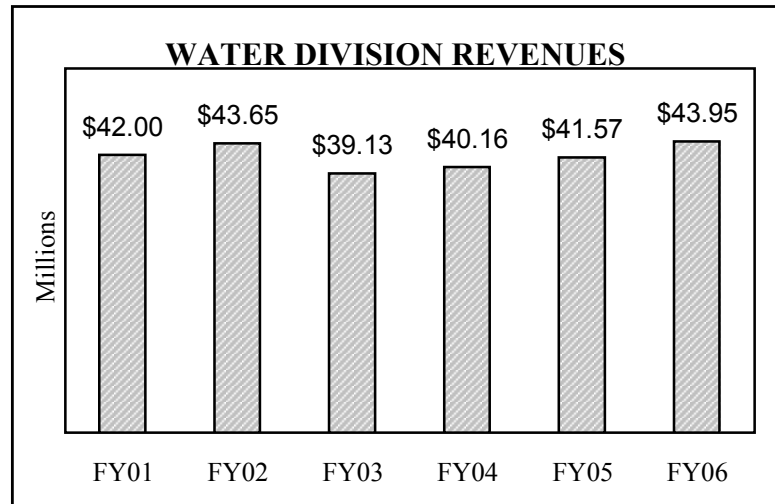
Lambert - St. Louis International Airport receives just over half of its operating revenues from signatory airlines in the form of landing fees and terminal rents. Signatory airlines are those airlines serving the Airport who have signed use agreements and include: American, America West, Continental, Delta, Frontier, Northwest, USAir, Southwest, Trans States and United. The Airport also receives revenues from concessions that operate on Airport property. Concession fees include revenues from the following activities: food & beverage sales, giftshops, coin devices, ground transportation, public parking, car rentals, space rental, in-flight catering and other concession revenues. Other revenues include non-signatory airline fees, cargo, hangar, tenant improvement surcharges, employee lot, gain on sale of investments and other miscellaneous revenues.

WATER DIVISION

Definition

Water Division revenues include sales of water to residential and commercial customers and to other jurisdictions, along with miscellaneous charges for service.

Discussion

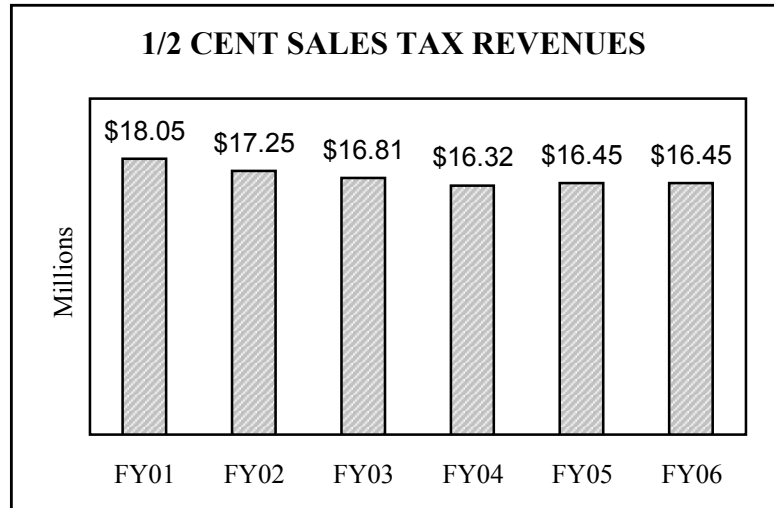


Revenues from net sales of Water include sales to flat-rate and metered customers and sales to other governmental jurisdictions. While the number of metered and unmetered customers has decreased reflecting the city's population decline, increases in the sales to other governmental jurisdictions has offset some of the decrease. The other miscellaneous income is mostly revenue from services the Water Division performs, such as repairing damaged fire hydrants or tapping water lines for new buildings and interest income from investments.

1/2 CENT CAPITAL SALES TAX

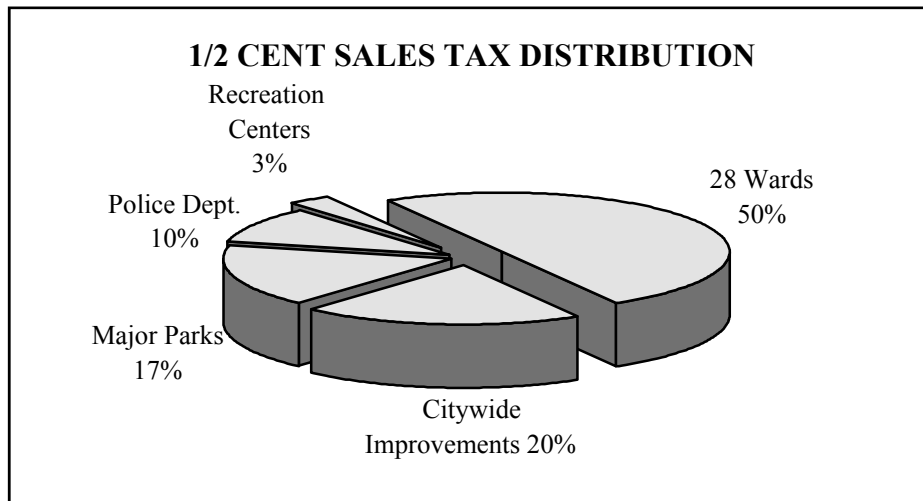
Definition

A one half percent tax levied on retail sales in the City of St. Louis is dedicated to Capital expenditures. The sales tax is not levied on certain items, including motor fuels, prescription drugs, food purchased with food stamps, all sales by or to not for profit organizations and residential utility charges.



Discussion

City voters approved the 1/2 cent sales tax for capital improvements in August, 1993. Projected revenue for FY06 is projected to total \$16.45 million. The City ordinance authorizing the 1/2 cent sales tax included a formula for allocating the proceeds among various capital spending areas. This allocation is illustrated in the pie chart below:



RIVERFRONT GAMING

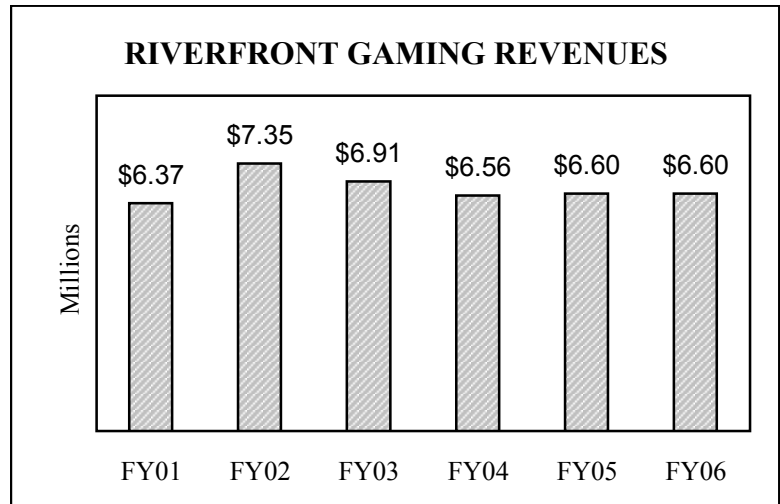
Definition

Riverfront Gaming revenues come primarily from three sources:

1) the local share of the state gaming tax, 2) the local share of the state admissions tax, and 3) the lease agreement with the City Port Authority

Discussion

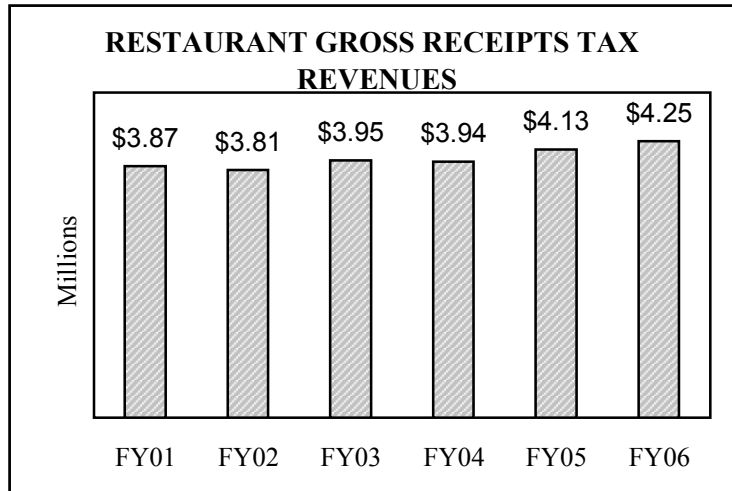
Riverboat gaming on the St. Louis riverfront began in May, 1994 with the opening of President Casino's Admiral riverboat. The State of Missouri imposes a 20% tax on the adjusted gross receipts (AGR) of riverboat gambling facilities as well as a \$2 head tax on the number of admissions. By state statute, the City receives a 10% share of the state tax or 2% of AGR. The City is also entitled to one-half the state admission fee or \$1 per admission. The City receives an additional 2% of AGR through a lease between the riverboat operator and the City's Port Authority. Relocation to a more convenient location on the riverfront along with less restrictive boarding rules have allowed the city's only gaming facility to maintain a viable market share in the face of larger and newer competition in the metropolitan area.



RESTAURANT GROSS RECEIPTS TAX

Definition

A 1% tax levied on the gross receipts of restaurants, excluding the sale of alcoholic beverages.



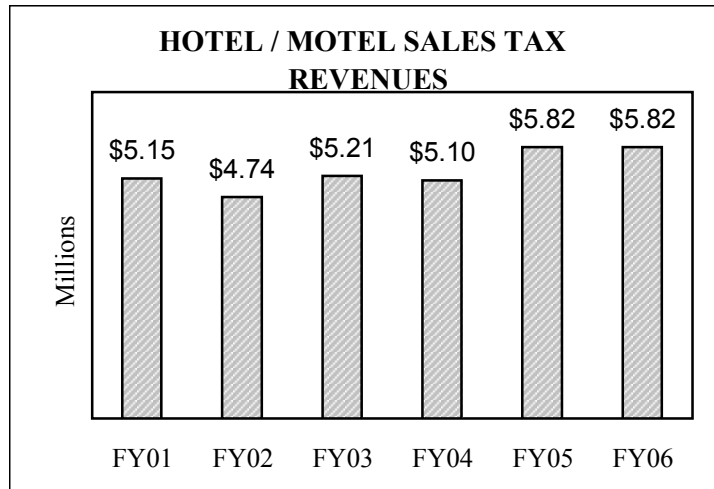
Discussion

The 1% restaurant gross receipts tax serves as the source of revenue to the City's Convention and Tourism Fund. The fund was established to foster and promote the City's convention and tourism industry. Revenues from this source together with hotel tax receipts from the Convention and Sports Facility Fund are used to offset debt service payments on the Convention Center.

HOTEL / MOTEL SALES TAX

Definition

A 3.5% tax levied on the price of a hotel room.



Discussion

The change from a flat amount per occupied room to a gross receipts based tax has provided the opportunity for this source of revenue to grow with inflationary increases in the cost of a hotel room. Hotel Tax receipts have exhibited consistent growth with the addition of hotel development in the downtown area. Proceeds from this tax are deposited into a Convention and Sports Facility trust fund and together with restaurant tax revenues are used to offset debt payments on the convention center. Revenues are not expected to grow significantly in FY2006 as the area absorbs the increased supply of rooms, putting pressure on room rates.