

SUMMARY AND OVERVIEW

EXECUTIVE SUMMARY

FY2004 Annual Operating Plan

The Annual Operating Plan for FY2004 allocates a total amount of \$824.9 million for service delivery and other obligations during the year, a decrease of 1.4% from that of the current year. Stagnant and declining general fund revenues along with decreases in anticipated federal and state aid have both contributed to this condition, after several years of sustained growth. While the trend in total real revenues has turned down, the allocation of funds among departments has shifted to reflect the economic and political realities of the current time.

A major goal in development of the Plan was the preservation of essential constituent services. This goal was being sought at the same time as the requirement of funding operating cost increases mandated by state law and fixed costs imposed by ordinances and contracts. Increases in discretionary costs have been kept to a bare minimum and in cases where efficiencies could potentially be had, department heads

have opted to provide for these services by contract. Personnel cost increases have been held in check by the elimination of any cost-of-living (COLA) adjustments. Staff reductions adopted represent an attempt to reduce administrative overhead. Pension fund contributions for the three City systems combined have been kept at the total FY2003 amount. On the other hand, costs for employee health insurance continue to increase and will cost the City an additional 15% in FY2004.

Funds available to support the Plan include grants from federal and state agencies, user fees, and locally generated tax revenues. There are no tax rate increases anticipated in the adopted Plan. As a result, any revenue increases associated with locally generated taxes are expected to come from volume in the case of gross receipts based taxes, and added value in the case of property taxes. User fees collected by the Building Division are scheduled for adjustment and are expected to provide additional funding of approximately \$1.0 million for local government operations. The Plan also counts on a significant amount of non-recurring revenue in the amount of \$10.0 million to be

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realized as the result of a financial transaction involving the City owned Convention Center.

Without this infusion of anticipated revenue, more severe reductions in the general fund budget would have been required to maintain a balance between revenue and expenditures. As one of several measures to reduce its expenses in the current fiscal year, the State of Missouri reduced the amount it reimburses local governments for services such as property tax assessment and housing of adult and juvenile offenders. The FY2004 Plan presumes the current reduced level of state support and that additional reductions in state aid will not be imposed.

As expected in a year when the total budget decreases, there are no areas of the budget in which the costs are significantly higher than in the current year. However, a portion of the cost of providing for the public's safety, as itemized in the sections funding the Board of Police Commissioners, Circuit Court, and the Corrections Division is expected to increase in FY2004. Other City agencies are consolidating services within divisions, reducing the level of selected services, and resorting to more interdepartmental cooperation in order to

continue to provide service at an acceptable level. By taking advantage of the current economic conditions to review outstanding debt, the City will pay significantly less in principal and interest charges as a result of several refinancings conducted during the current fiscal year. The reduced debt service requirements provide some immediate relief for both the general fund and the airport's enterprise fund.

The total budget for FY2004 is \$824.9 million, and is funded by a combination of local tax and fee collections, dedicated funds for the Airport and Water Division 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 funds due to legal requirements and are used to augment the services provided by the general fund. These special funds include those containing the Local Use Tax, Gaming Revenues, Cable Television gross receipts tax, and the Property Tax Assessment subsidy. These amounts are further broken down by departmental activities using specific projects and accounts, with 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 \$411.3 million, the general fund budget for FY2004 is the largest of the City funding units. In keeping with the City's objective of preserving constituent services, this fund allocates \$227.6 million for public safety functions, including \$134.7 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 \$48.1 million. Debt service payments for large projects funded through lease

arrangements are included in the general fund allocation in the amount of \$19.8 million which funds annual lease payments on the Justice Center, Kiel Center, the Civil and Carnahan Court buildings, and the Convention Center/Stadium complex. Funding for state and municipal court functions and county offices account for an additional \$48.2 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 FY2004 budget at \$48.0 million and \$153.3 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 9% 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 \$153.3 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 40% 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 Airport budget also reflects increased security costs as functions performed by the National Guard are being assumed by Airport personnel. 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 \$64.8 million, a 5% increase from the current year level. 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 FY2004, \$36.6 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 \$12.8 million in FY2004. 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 \$34.3 million in funds dedicated to equipment purchases and capital improvements. The sources include a dedicated sales tax, a portion of the state gasoline tax, general fund appropriations, gaming admissions receipts, and interest earnings on invested funds. Projects funded include infrastructure improvements to bridges, streets, and buildings, as well as debt service on previously approved projects such

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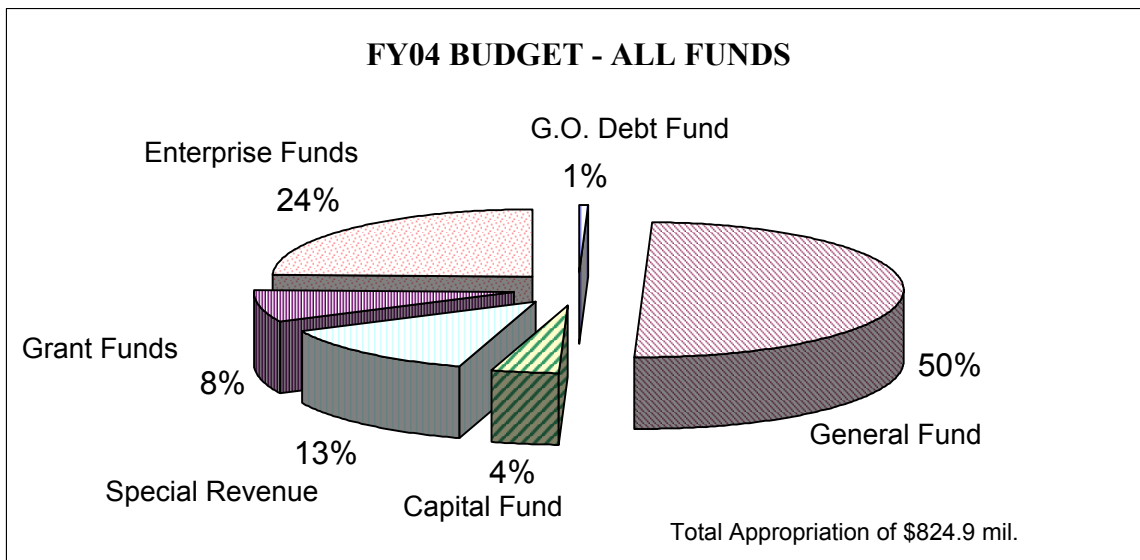
as the Justice Center and Civil Courts Building.

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 2004 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 \$6.8 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 FY2004 Annual Operating Plan



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Highlights of the FY2004 Operating Plan

- Refinancing of Convention Center debt allowing for reduction in scheduled payments of \$8.7 million
- Decrease of \$11.5 million in operating funds for the Airport reflecting decreased revenues from airlines using Lambert International Airport
- Increase of \$3.2 million to offset cost of Police and City employee health insurance
- Use of one-time revenue of \$10.0 million from expected leveraged lease of the Convention Center
- Restructuring of Engineering and Design function of BPS to allow for increased use of outside contractors for project design and surveying work
- Reduction of 305 positions in the general and special funds
- First full year of the Information Technology Services Agency as a separate department
- First year appropriation of Local Use Tax funds utilizing new allocation formula
- Increase of \$2.7 million in locally generated revenues dedicated to Police department operations
- Increase of \$3.5 million for full year operations of the Justice Center
- Elimination of \$2.5 million in subsidies related to costs of operating Truman Restorative Center
- Incorporation of fee increases amounting to \$1.0 million for public safety inspections
- Increase in appropriation for Worker Compensation obligations amounting to \$1.8 million
- Decrease of \$6.0 million in capital improvement appropriations owing to a decline in dedicated revenues
- Switch to uniform monthly schedule of most neighborhood street cleaning

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The FY2004 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. Required annual payments for these projects are included in the Plan, along with payments for a lease purchase of rolling stock and a general obligation bond issue that provided for the replacement of firefighting equipment along with other public safety initiatives. 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 \$18.0 million in local funds and \$36.6 million in federal and state grants. Allocations for Public Safety functions are designed to maintain current staffing levels for Police officers, as well as Fire and Emergency Medical Services personnel. Taking advantage of funds provided by the Department of Justice through its COPS program, the City added 24 commissioned police officers in FY2003. The adopted budget includes funds to provide the required local cash match to retain these additional officers. The FY2004 plan allocates additional funds through the Capital Budget for major street and bridge projects while the general fund budget maintains residential and commercial area street maintenance along with refuse collection and disposal. In the Department of Parks, Recreation and Forestry, funding for park maintenance activities is retained at the current year's level, and recreation programming will continue to be offered at the existing ten centers located throughout the City.

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In summary, the total budget appropriation for FY2004 is \$824.9 million. Nearly 50%, or \$411.3 million, is appropriated from general revenue to pay for day-to-day City operations. City general funds are supplemented by approximately \$64.8 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 FY2004 is estimated to be \$411.3 million. Included in this amount is \$10.0 million expected from the proceeds of an anticipated leveraged lease transaction involving the City owned convention center. When this one-time event is factored out, actual revenues from recurring sources will show a decline from the budget amount in the current year by a net amount of \$5.7 million. Nearly all of the decline is in economically sensitive revenues such as employment and gross receipts based taxes. Revenue estimates for the current year have been revised downward to reflect the shortfalls in earnings, payroll, and sales taxes. The estimate for FY2004 is based on these revised numbers and does not contemplate an immediate recovery from the current economic recession.

Earnings and Payroll tax revenue continue to be the most significant revenue source and is expected to account for 38% of

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all general fund revenue in FY2004. Compared to the revised estimate for the current year, growth in these two sources is less than 1.0%. Property tax revenue is forecast to increase by 2.7% reflecting increased assessed value of real estate in the City.

General sales tax revenues are not forecast to exhibit growth and are in fact expected to be about equal to the amount received in FY2002. The increase in the amount of gasoline tax revenue results from a change in the way the receipts are allocated between the general and capital improvement funds, and does not indicate an increase in the total amount received.

Franchise and Utility tax revenue is expected to show only modest growth of approximately \$0.8 million over revised estimates 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 5.5% 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.

In addition to the one-time revenues alluded to earlier resulting from an expected leveraged lease transaction involving the convention center, the estimate also presumes passage of ordinances authorizing fee increases for various services performed by the Building Division of the Department of Public Safety. These increases are estimated to provide an additional \$1.0 million in FY2004 and be a recurring source of revenue thereafter. Departmental revenues will be enhanced by additional court costs authorized by state statute and local ordinance in the current year which should add approximately \$1.0 million to City Court revenues.

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Uses of Funds

The FY2004 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 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 FY2004 general fund budget includes the impact of previously granted pay adjustments but does not anticipate any cost of living pay adjustments in the coming year. The budget also accommodates an increase of approximately 15% in the cost of employee health insurance along with contributions amounting to 6% of payroll costs to each of the City's three pension systems. Allocations for worker compensation claims have been increased to reflect recently established patterns. In recognition of the fact that more

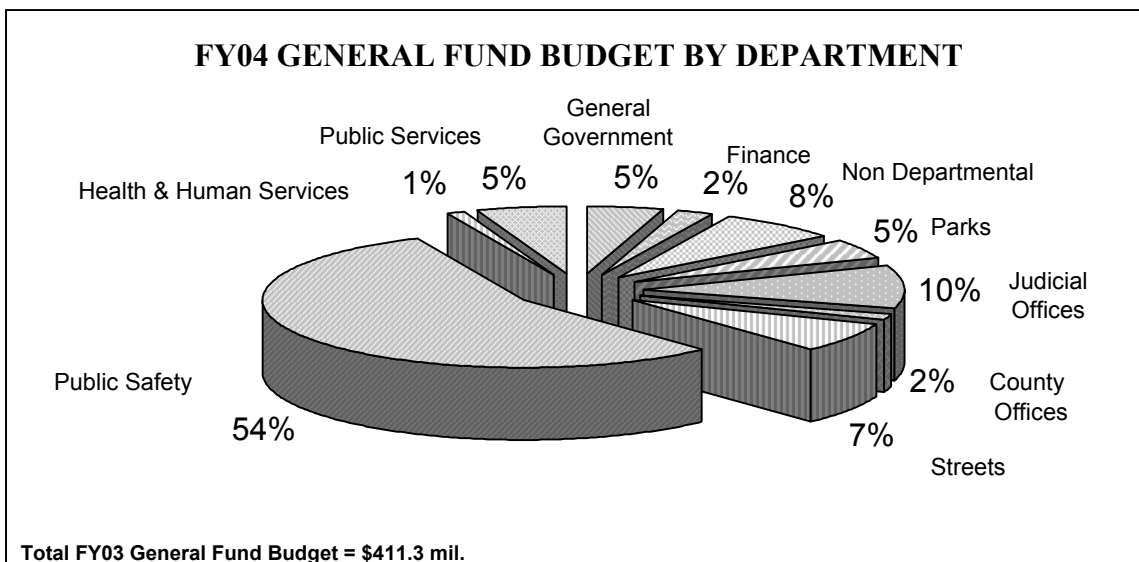
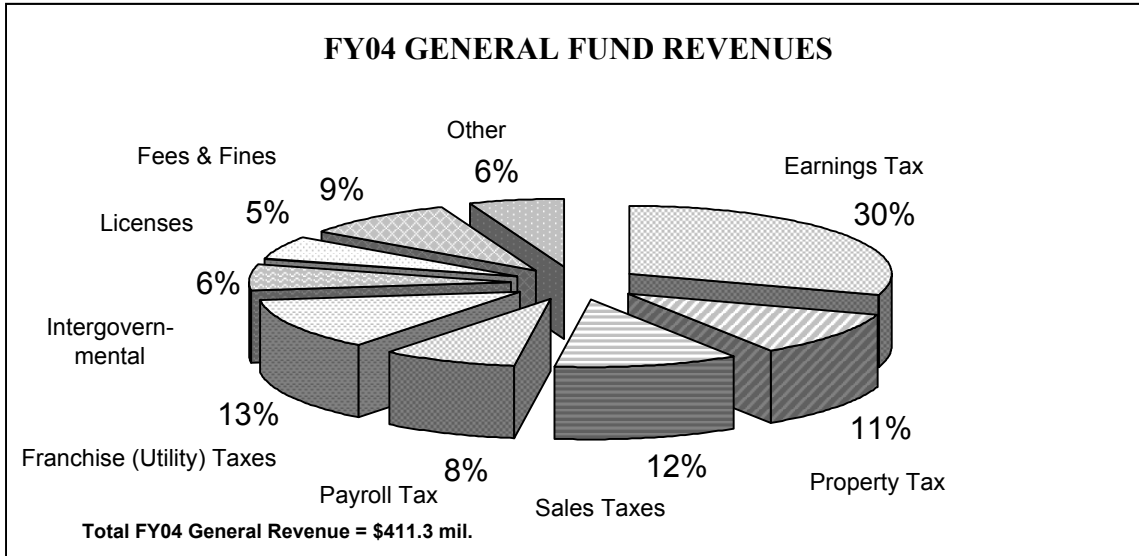
layoffs are likely than in recent history, the allocation for unemployment compensation has also been increased.

Funding for a full year's operation of the Justice Center has been included in the budget and as a result the City will no longer contract with other jurisdictions for housing of its pre-trial residents. In an attempt to make the most efficient use of limited revenues, some services previously performed by City employees will be performed by contract when that course is deemed to be most cost effective. These services include but are not limited to vehicle preventive maintenance and design and survey functions of the Board of Public Service.

The general fund budget as adopted is in balance with available revenues. However, a balanced budget in FY2004 does include the use of non-recurring revenues mentioned previously and funds that have accumulated in special accounts. 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 FY2004.

Estimated Revenue	\$411,310,000
General Fund Appropriations	411,257,411
Results from operations	<u>\$ 52,589</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 FY2004 Capital Budget funds the first year of the plan with a recommended appropriation of \$34.3 million. Sales taxes for capital improvement will generate \$18.5 million in FY2004 or approximately 47% of the total revenue. Other revenues supporting the capital budget include \$8.6 million from the general fund, \$3.9 million from projected gaming revenues, \$0.6 million from gasoline tax revenue, and \$0.6 million from various other sources.

Capital expenses planned for FY2004 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 lead and asbestos abatement, and treatment of former underground tank sites. In accord with established policy, the plan proposes maximum funding of approved road and bridge projects that are 80% federally funded. The major categories of planned capital expenses are presented below:

Ward Improvements - \$8.1 million

Each of the City's 28 wards will be allocated \$288,000 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.

Major Parks and Recreation Centers – \$4.0 million:

The City's six major parks, Forest, Tower Grove, Carondelet, Fairgrounds, O'Fallon, and Willmore will share \$3.5 million. Planned projects include roadway repairs, skating rink renovations, and

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improvements to tennis courts. A total of \$0.5 million will be expended on recreation centers for upgrades to facilities and building modifications to comply with ADA standards.

Facility Improvements - \$14.7 million: Funds categorized as being for facility improvements will service previously incurred debt on the Justice Center and the Civil Courts Building. In addition, improvements are planned for several other City facilities including Municipal Garage, City Hall, Civil Courts Plaza, and the newly acquired federal courthouse.

Equipment Replacement - \$2.1 million: Planned expenditures include replacement of rolling stock necessary to the refuse collection and street cleaning operations along with other vehicle replacements. A line of credit has been obtained and will be used for a replacement of rolling stock at \$2.1 million annually. Replacement and upgrading of computer and communication equipment is authorized using the existing credit line up to \$2.0 million.

Bridge & Street Improvements - \$1.9 million: Eight 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. This category also includes funds for unforeseen bridge repairs, which are not eligible for the federal cost sharing arrangement, as well as any planned arterial street resurfacing.

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. 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

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information about respective programs and identifies outputs and projected performance levels.

Capital Improvements: The City's FY2004 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 FY2004 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 FY2004.

ECONOMIC OUTLOOK

U.S. Economy and Outlook

After ten consecutive years of real growth as measured by real Gross Domestic Product (GDP), the U.S. economy fell into a recession in 2001. When the final numbers for calendar year 2002 are released, they are expected to show an increase in real GDP of only 2.4 percent. The national inflation rate as measured by the Consumer Price Index (CPI) is expected to rise by 1.6 percent in 2002, followed by a rise of 2.0 percent in

2003. All these numbers are low by historical standards and indicate that the national economy is still weak leading to an expected national unemployment rate of 5.7 percent in 2003. If the unemployment rate does rise to that expected level, it will mean an increase of 14 percent over the rate in calendar year 2001.

Looking ahead, the U.S. economic outlook is guardedly positive. For fiscal years 2003 and 2004, the Macroeconomic Advisors forecast is for real GDP to grow 2.7 and 3.4 percent, respectively. The inflation rate is expected to be 2.1 and 1.8 percent over the same period, while unemployment is expected to decline slowly to about 5.4 percent over the forecast period. The expected economic improvement depends in part on a sustained stock market recovery, continued strength in consumer spending, and accelerated business hiring which should lead to enhanced capital spending. In summary, while the U.S. economy appears poised for better times, there is considerable downside risk.

The Missouri Economy and Outlook

As was the case with the national economy, the Missouri economy has been and

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remains under strain, with the state's unemployment rate rising by over 2% from November 2001 to November 2002. The rise in the Missouri unemployment rate over the year represents a loss of about 13,500 jobs, a phenomenon which has served to depress the rate of growth in Missouri personal income. Even with the reduced growth rate, the state's economy remains diverse with a strong presence in health care services and agriculture, as well as the travel and leisure industry. As the U.S. economy rebounds, growth in the Missouri economy will likely resume.

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. According to information supplied by the

Missouri Division of Employment Security there are approximately 1,350,000 non-agricultural jobs in the metropolitan area with 117,000 new jobs having been created since 1995. 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.

While the rate of unemployment in the City has historically been somewhat higher than in the metropolitan area as a whole, the rate of change over the past year for both entities has been virtually the same. The implication is the impact of the recession on employment has been distributed throughout the area rather than being disproportionately borne by the City. The level of retail activity in the City has declined over the last year as evidenced by sales tax collections and that fact is reflected in the FY2004 revenue estimates. However, the latest information on

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tax assessments show that property values in the City have appreciated by 25 percent since the last reassessment which took place in 2001. This positive change is indicative of continuing investment in the City and is expected to lead in the City's economic recovery.

The metropolitan area's major industries include aviation, biotechnology, chemicals, electrical utilities, telecommunications, and transportation. The Regional Commerce and Growth Association (RCGA) has implemented an economic development campaign to generate 100,000 new jobs in the region by the end of 2004.

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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FY2004 OPERATING PLAN

FUND GROUPS

The total appropriation for the City of St. Louis for FY2004 totals \$824.7 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 FY2004.

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.

FY04 REVENUE SUMMARY - ALL FUNDS
(in millions)

	FY02 Actual	FY03 Revised	FY04 Budget	Percent Change FY03-04
General Fund				
Earnings Tax	\$121.7	\$122.0	\$123.0	0.9%
Property Tax	42.2	43.3	44.5	2.7%
Sales Tax	47.6	47.7	47.7	0.0%
Payroll Tax	35.4	33.3	33.3	0.1%
Franchise (Utilities) Taxes	51.6	51.3	52.2	1.7%
Other Taxes	2.0	2.2	2.2	3.5%
License Fees	21.7	21.8	22.6	3.9%
Grants & Intergovernmental Revenues	23.9	23.7	25.0	5.7%
Department User Fees and Fines	35.3	33.9	38.9	14.7%
Transfers	11.9	14.2	21.9	54.5%
Fund Balance (in excess of 5%)	0.0	4.0	0.0	n/a
	<u>\$393.2</u>	<u>\$397.2</u>	<u>\$411.3</u>	<u>3.6%</u>
Special Revenue Funds				
Property Tax	\$8.1	\$6.8	\$6.8	0.1%
Franchise (Utilities) Taxes	4.8	5.1	4.8	-5.8%
Local Use Tax	19.5	23.9	24.0	0.4%
Other Taxes	12.8	10.9	11.9	9.2%
Grants & Intergovernmental Revenues	55.0	68.6	71.9	4.8%
Department User Fees and Fines	33.6	42.0	48.1	14.5%
Transfers	1.8	1.9	2.1	6.3%
Fund Balances and Other Resources	2.9	3.9	9.2	138.3%
	<u>\$138.5</u>	<u>\$163.2</u>	<u>\$178.9</u>	<u>9.6%</u>
Capital Improvements Funds				
1/2 Cent Sales Tax	\$17.2	\$18.1	\$17.0	-6.3%
Metro Parks Sales Tax	1.4	1.2	1.5	26.1%
Grants & Intergovernmental Revenues	3.0	5.6	2.3	-59.1%
Transfers	12.1	9.2	12.5	35.2%
Other Resources	1.1	0.4	0.6	57.1%
Previous Year General Fund Surplus	5.3	6.1	0.1	-98.7%
	<u>\$40.0</u>	<u>\$40.7</u>	<u>\$34.0</u>	<u>-16.5%</u>
Enterprise Funds				
Franchise (Utilities) Taxes	\$3.8	\$3.8	\$4.0	5.3%
Enterprise Revenues	192.8	211.0	204.2	-3.2%
	<u>\$196.6</u>	<u>\$214.8</u>	<u>\$208.2</u>	<u>-3.1%</u>
Total General Appropriation				
	<u>\$768.2</u>	<u>\$815.9</u>	<u>\$832.4</u>	<u>2.0%</u>
Funds Appropriated Separately				
Community Development (CDBG) & Housing Grants *	\$66.7	\$30.7	\$31.2	1.6%
Street Improvement Fund	4.4	5.2	4.2	-18.2%
Parking Division Revenues	14.3	10.8	10.3	-4.8%
Transportation Fund Revenues	26.1	31.0	28.6	-7.7%
(* excluding CDBG admin. portion included in general appropriation)	<u>\$111.5</u>	<u>\$77.7</u>	<u>\$74.3</u>	<u>-4.3%</u>
Total All Sources				
	<u>\$879.7</u>	<u>\$893.6</u>	<u>\$906.7</u>	<u>1.5%</u>

FY04 BUDGET SUMMARY - ALL FUNDS
(in millions)

Fund	FY02 Actual	FY03 Budget	FY04 Budget	Percent Change FY03-04
General Fund	\$397.5	\$415.2	\$411.3	-0.9%
Special Revenue Funds				
Debt Service Fund	\$5.6	\$5.7	\$5.7	0.1%
Capital Fund	\$35.9	\$40.7	\$33.9	-16.6%
Assessment Fund	\$3.6	\$4.0	\$3.8	-6.2%
Employee Benefits Fund	\$27.4	\$31.6	\$36.6	15.8%
Convention and Tourism Fund	\$4.4	\$4.1	\$3.9	-4.9%
Lateral Sewer Fund	\$3.5	\$3.9	\$3.4	-12.0%
Cable Communications Fund	\$1.4	\$1.6	\$1.4	-12.0%
Port Authority	\$2.6	\$4.7	\$3.5	-24.3%
Riverfront Gaming Fund	\$4.6	\$6.1	\$5.2	-14.6%
Convention and Sport Facility Trust Fund	\$5.0	\$5.5	\$6.1	10.0%
Health Care Trust Fund	\$6.1	\$1.5	\$1.5	0.0%
Other Special Revenue Funds	\$11.6	\$12.5	\$16.6	32.4%
	<u>\$111.7</u>	<u>\$121.9</u>	<u>\$121.6</u>	<u>-0.2%</u>
Grant Funds				
St. Louis Agency on Training and Employment	\$4.0	\$8.8	\$7.9	-9.5%
Community Dev. Planning & Administration	\$3.5	\$5.2	\$6.0	14.3%
Health and Human Services	\$17.4	\$33.6	\$36.3	8.1%
Police Department	\$4.8	\$10.3	\$8.6	-16.2%
Other Grants	\$8.7	\$29.5	\$32.0	8.3%
	<u>\$38.5</u>	<u>\$87.4</u>	<u>\$90.8</u>	<u>3.9%</u>
Enterprise Funds				
Water Division	\$41.8	\$46.9	\$48.0	2.5%
Airport Authority	\$154.1	\$164.8	\$153.3	-7.0%
	<u>\$195.9</u>	<u>\$211.6</u>	<u>\$201.3</u>	<u>-4.9%</u>
Total General Appropriation	<u>\$743.7</u>	<u>\$836.1</u>	<u>\$825.0</u>	<u>-1.3%</u>
Separate Appropriations ¹				
Community Development (Net Planning/Adm.)	\$33.5	\$31.4	\$29.6	-5.7%
Street Improvement Fund	\$4.7	\$4.7	\$5.0	6.4%
Parking Division Funds	\$10.8	\$10.8	\$10.3	-4.7%
Transportation Trust Funds	\$31.8	\$31.0	\$28.6	-7.7%
	<u>\$80.8</u>	<u>\$78.0</u>	<u>\$73.6</u>	<u>-5.6%</u>
Total Appropriations	<u>\$824.5</u>	<u>\$914.0</u>	<u>\$898.5</u>	<u>-1.7%</u>

¹ CDBG & housing grants and Street Improvement funds appropriations are for calendar years 2001, 2002, and 2003 and are appropriated separately. Spending for any one grant year appropriation may occur over a period of several years.

**FY04 BUDGET - ALL FUNDS
BY DEPARTMENT**

Department		General Fund	Special Funds Revenue	Grant	Enterprise Funds	Total Funds
GENERAL GOVERNMENT						
110	Board of Aldermen	2,327,745	-	-	-	2,327,745
120	Mayor's Office	1,982,977	-	67,045	-	2,050,022
121	St. Louis Agency on Training and Emp.	-	-	7,936,958	-	7,936,958
123	Department of Personnel	2,798,777	-	-	-	39,431,824
	Employee Benefits Fund	-	36,633,047	-	-	-
124	Register	144,379	-	-	-	144,379
126	Civil Rights Enforcement Agency	436,559	-	62,699	-	499,258
127	Information Technology Service Agency	4,841,548	318,816	-	-	5,160,364
137	Budget Division	701,617	-	-	-	701,617
139	City Counselor	5,729,532	-	778,003	-	6,507,535
141	Planing and Urban Design	-	-	1,740,904	-	1,740,904
142	Community Development Administration	-	-	3,095,336	-	3,095,336
143	Affordable Housing Commission	-	12,164,230	-	-	12,164,230
	Subtotal	18,963,134	49,116,093	13,680,945	-	81,760,172
FINANCE						
160	Comptroller	7,823,739	-	-	-	11,329,085
	Lateral Sewer Fund	-	56,769	-	-	-
	Columbia Bottoms	-	-	-	-	-
	Tax Increment Financings	-	2,012,397	-	-	-
	Trustee Lease Fund	-	682,000	-	-	-
	Grant and Other Funds	-	754,180	-	-	-
162	Municipal Garage	256,096	-	-	-	256,096
163	Microfilm	321,549	-	-	-	321,549
170	Supply Commissioner	541,053	-	-	-	541,053
171	Multigraph	939,429	-	-	-	939,429
172	Mail Room	-	950,937	-	-	950,937
180	Assessor	-	3,769,510	-	-	3,769,510
	Subtotal	9,881,866	8,225,793	-	-	18,107,659
NON-DEPARTMENTAL						
190	City Wide Accounts	30,989,833	-	-	-	39,414,833
	Convention and Tourism Fund	-	3,875,000	-	-	-
	Riverfront Gaming Fund	-	4,550,000	-	-	-
	Subtotal	30,989,833	8,425,000	-	-	39,414,833
PARKS, RECREATION & FORESTRY						
210	Director, Parks, Recreation and Forestry	401,501	-	1,193,015	-	1,594,516
213	Division of Recreation	2,137,521	-	-	-	2,137,521
214	Division of Forestry	6,666,548	-	-	-	6,666,548
220	Division of Parks	8,849,322	-	100,754	-	8,950,076
250	Tower Grove Park	696,000	-	-	-	696,000
	Subtotal	18,750,892	-	1,293,769	-	20,044,661
JUDICIAL OFFICES						
310	Circuit Clerk	1,264,119	-	-	-	1,264,119
311	Circuit Court	7,403,240	-	-	-	7,403,240
312	Circuit Attorney	5,559,522	2,357,142	205,926	-	8,122,590
313	Board of Jury Supervisors	1,443,260	-	-	-	1,443,260
314	Probate Court	93,692	-	-	-	93,692
315	Sheriff	7,603,229	-	-	-	7,603,229
316	City Courts	2,911,892	27,419	-	-	2,939,311
317	City Marshal	1,087,289	-	64,029	-	1,151,318
320	Probation and Juvenile Detention Center	14,343,711	-	-	-	14,343,711
321	Circuit Drug Court	283,709	-	-	-	283,709
	Subtotal	41,993,663	2,384,561	269,955	-	44,648,179
COUNTY OFFICES						
330	Tax Equalization Board	15,400	-	-	-	15,400
331	License Collector	-	6,050,000	-	-	6,050,000
333	Recorder of Deeds	2,227,019	-	-	-	2,227,019
334	Board of Election Commissioners	2,041,003	-	-	-	2,041,003
335	Medical Examiner	1,542,190	-	125,000	-	1,667,190
340	Treasurer	637,063	-	-	-	637,063
	Subtotal	6,462,675	6,050,000	125,000	-	12,637,675

**FY04 BUDGET - ALL FUNDS
BY DEPARTMENT**

Department		General Fund	Special Funds		Enterprise Funds	Total Funds
			Revenue	Grant		
PUBLIC UTILITIES						
401	Cable Communications	-	1,419,890	-	-	1,419,890
414	Soulard Market	252,362	-	-	-	252,362
415	Water Division	-	-	-	48,013,283	48,013,283
420	Airport Authority	-	-	-	153,291,296	153,291,296
	Subtotal	252,362	1,419,890	-	201,304,579	202,976,831
STREETS						
510	Director of Streets	975,393	-	-	-	4,582,623
	Lateral Sewer Fund	-	3,607,230	-	-	-
511	Traffic and Lighting	7,873,483	80,900	-	-	7,954,383
513	Auto Towing and Storage	1,605,481	-	-	-	1,605,481
514	Street Division	6,417,333	-	-	-	6,417,333
516	Refuse Division	12,814,572	-	1,561,267	-	14,375,839
520	Port Authority	-	3,530,000	-	-	3,530,000
	Subtotal	29,686,262	7,218,130	1,561,267	-	38,465,659
PUBLIC SAFETY						
610	Director of Public Safety	499,649	-	-	-	499,649
611	Fire Department	47,278,702	25,000	-	-	47,303,702
612	Firefighter's Retirement System	4,694,329	-	-	-	4,694,329
615	Air Pollution Control	-	-	-	-	0
616	Excise Commissioner	331,898	-	-	-	331,898
620	Building Commissioner	6,689,427	4,752,058	3,398,330	-	14,839,815
622	Neighborhood Stabilization	1,925,662	-	3,327,952	-	5,253,614
625	City Emergency Management Agency	285,504	-	-	-	285,504
632	Medium Security Institution	15,033,767	40,049	92,046	-	15,165,862
633	City Justice Center	16,105,702	-	-	-	16,105,702
650	Police Department	130,245,835	1,334,255	8,724,992	-	140,305,082
651	Police Retirement System	4,414,190	-	-	-	4,414,190
	Subtotal	227,504,665	6,151,362	15,543,320	-	249,199,347
HEALTH AND HOSPITALS						
700	Director, Health and Hospitals	-	1,166,615	554,843	-	1,721,458
710	Health Commissioner	-	1,325,572	-	-	1,325,572
711	Communicable Disease Control	-	2,528,661	8,814,659	-	11,343,320
712	School Health	-	-	-	-	-
713	Public Health Laboratory	-	611,397	-	-	611,397
714	Animal Regulation Center	897,275	-	31,332	-	928,607
715	Community Sanitation and Vector Control	1,665,487	-	1,372,898	-	3,038,385
716	Lead Poisoning Control	405,886	294,203	1,053,563	-	1,753,652
717	Biostatistics/Vital Records	-	-	-	-	-
719	Immunization Service	-	1,303,315	585,944	-	1,889,259
720	Food Control	-	-	690,389	-	690,389
721	Health Promotion/Education	-	-	-	-	-
737	Health Care Trust Fund	-	-	5,000,000	-	5,000,000
	Subtotal	2,968,648	7,229,763	18,103,628	-	28,302,039
HUMAN SERVICES						
800	Director of Human Services	1,312,219	253,264	24,450,096	-	26,015,579
	Subtotal	1,312,219	253,264	24,450,096	-	26,015,579
BOARD OF PUBLIC SERVICE						
900	President, Board of Public Service	3,358,782	1,249,600	-	-	4,608,382
903	Facilities Management	9,068,828	-	-	-	9,068,828
910	Equipment Services Division	9,871,492	-	-	-	9,871,492
930	Soldier's Memorial	192,090	-	-	-	192,090
	Subtotal	22,491,192	1,249,600	-	-	23,740,792
CAPITAL IMPROVEMENTS FUND						
		-	33,911,000	-	-	33,911,000
DEBT SERVICE FUND						
		-	5,707,193	-	-	5,707,193
TOTAL BUDGET		\$411,257,411	\$137,341,649	\$75,027,980	\$201,304,579	\$824,931,619

FY04 BUDGET SUMMARY BY FUND (in million \$)

Sources and Uses	Convention									
	General Fund	Local Use Tax Fund	Tourism Fund	& Sports Facility Trust Fund	Building Demolition Fund	Assessment Fund	1116 Special Funds	Communications Fund	Lateral Sewer Fund	Riverboat Gaming Fund
Projected Beginning Fund Balance	\$21,600	\$15,900	(\$0,316)	\$0,356	\$0,694	(\$0,241)	\$7,275	\$1,042	\$2,842	\$0,667
Revenues										
Earnings Tax	123,000	--	--	--	--	--	--	--	--	--
Property Tax	44,512	--	--	--	--	1,100	--	--	--	--
Sales & Use Taxes	47,710	24,000	--	--	--	--	--	--	--	--
Motor Vehicle Sales Tax	3,500	--	--	--	--	--	--	--	--	--
Gasoline Tax	9,600	--	--	--	--	--	--	--	--	--
Payroll Tax	33,300	--	--	--	--	--	--	--	--	--
Franchise (Utilities) Taxes	52,177	--	--	--	--	--	--	1,921	2,750	--
Restaurant Taxes	2,225	--	4,224	--	--	--	--	--	--	--
3.5% Hotel Sales Tax	--	--	--	5,700	--	--	--	--	--	--
Other Taxes	0,200	--	--	--	--	--	--	--	--	--
License Fees	22,635	--	--	--	--	--	--	--	--	--
Enterprise Revenues	--	--	--	--	--	--	--	--	--	--
Grants / Other Intergovt. Revenues	3,061	--	--	--	--	0,639	--	--	--	5,300
Dept. User Fees, Fines & Other Rev.	38,747	--	--	--	1,600	0,099	8,972	--	--	0,010
Transfers In	30,643	--	--	--	--	2,050	0,600	--	--	--
Other Resources	0,000	--	--	--	--	--	--	--	0,150	--
Total Sources of Fund:	\$411,310	\$24,000	\$4,224	\$5,700	\$1,600	\$3,888	\$9,572	\$1,921	\$2,900	\$5,310
Appropriation:										
Personal Services	309,761	9,679	--	--	0,834	3,142	3,634	1,275	0,720	0,650
Materials & Supplies	15,019	0,706	--	--	0,125	0,023	1,028	0,056	0,007	0,010
Rental & Non Capital Leases	3,644	0,097	--	--	0,015	0,009	0,076	0,004	0,006	0,000
Non Capital Equipment	0,529	0,018	--	--	0,020	0,007	0,079	0,002	0,000	0,010
Capital Assets	1,734	--	--	--	--	0,000	0,057	0,015	0,042	0,000
Contractual & Other Services	55,273	20,632	0,075	--	1,048	0,589	3,953	0,387	2,638	0,055
Debt Service	14,647	0,005	--	--	--	--	1,400	--	--	--
Transfers Out:										
Capital Lease Payments	8,600	--	--	--	--	--	--	--	--	--
Other Transfers Out	2,050	--	3,800	6,050	--	--	0,250	0,300	--	4,500
Total Uses of Funds	\$411,257	\$31,137	\$3,875	\$6,050	\$2,042	\$3,770	\$10,476	\$2,039	\$3,414	\$5,225
Projected Ending Fund Balance	\$21,653	\$8,763	\$0,033	\$0,006	\$0,252	(\$0,123)	\$6,371	\$0,924	\$2,329	\$0,752

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

* 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.

FY04 BUDGET SUMMARY BY FUND (in million \$)

Sources and Uses	SLATE	Community Development Agency *	1164-69 Grant Funds	Street Improvement Fund *	1217-22 Capital Improvement Funds	General Obligation Debt Service	Tax Incremental 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	n/a	\$0.785	\$0.080	\$10.978	\$0.000	\$12.775	\$7.367	(\$0.103)	\$0.734
Revenues											
Earnings Tax	--	--	--	--	--	--	--	--	--	--	--
Property Tax	--	--	--	--	--	5.707	--	--	--	--	--
Sales & Use Taxes	--	--	--	--	18.530	--	--	--	--	--	--
Motor Vehicle Sales Tax	--	--	--	0.850	--	--	--	--	--	--	--
Gasoline Tax	--	--	--	--	0.600	--	--	--	--	--	--
Payroll Tax	--	--	--	--	--	--	--	--	--	--	--
Franchise (Utilities) Taxes	--	--	--	3.361	--	--	--	4.000	--	--	--
Restaurant Taxes	--	--	--	--	--	--	--	--	--	--	--
3.5% Hotel Sales Tax	--	--	--	--	--	--	2.012	--	--	--	--
Other Taxes	--	--	--	--	--	--	--	--	--	--	--
License Fees	--	--	--	--	--	--	--	--	--	--	--
Enterprise Revenues	--	--	--	--	--	--	--	40.288	163.880	--	--
Grants / Other Intergovt. Revenues	7.979	35.495	50.878	--	--	--	--	--	--	--	36.633
Dept. User Fees, Fines & Other Rev.	--	--	--	--	1.700	--	--	--	--	0.951	--
Transfers In	--	--	--	--	12.500	--	--	--	--	--	--
Other Resources	--	--	--	0.075	0.550	--	--	--	--	--	--
Total Sources of Fund:	\$7.979	\$35.495	\$50.878	\$4.286	\$33.880	\$5.707	\$2.012	\$44.288	\$163.880	\$0.951	\$36.633
Appropriation:											
Personal Services	2.070	4.768	14.243	--	0.600	--	0.117	19.952	38.410	0.235	0.425
Materials & Supplies	0.187	0.028	0.499	--	--	--	0.010	7.906	5.061	0.004	0.016
Rental & Non Capital Leases	0.374	0.458	0.127	--	--	--	--	0.288	0.269	--	--
Non Capital Equipment	--	0.029	1.974	--	15.754	--	--	0.135	0.390	--	0.000
Capital Assets	0.000	0.045	0.040	--	--	--	--	0.900	0.854	--	0.012
Contractual & Other Services	5.348	30.167	33.995	5.000	--	--	--	14.767	40.721	0.712	36.180
Debt Service	--	--	0.000	--	17.557	5.707	1.885	4.065	67.586	--	--
Transfers Out :											
Capital Lease Payments	--	--	--	--	--	--	--	--	--	--	--
Other Transfers Out	--	--	--	--	--	--	--	--	--	--	--
Total Uses of Funds	\$7.979	\$35.495	\$50.878	\$5.000	\$33.911	\$5.707	\$2.012	\$48.013	\$153.291	\$0.951	\$36.633
Projected Ending Fund Balance	\$0.000	\$0.000	\$0.000	\$0.071	\$0.049	\$10.978	\$0.000	\$9.050	\$17.956	(\$0.103)	\$0.734

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

* 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

FY2004 GENERAL FUND BUDGET

The FY2004 general fund budget is \$411.3 million, a decrease of 1.0% from that of FY2003. The allocation of these funds has been developed in such a way as to maintain existing services deemed important to constituents and properly fund all fixed obligations. The allocation scenario continues to place emphasis on Neighborhood Stabilization and Public Safety as its primary focus areas. Additionally, the budget accommodates all fixed obligations, including debt service costs, mandated costs imposed by state statues, and contractual commitments. The budget also acknowledges a need to make contributions to the three City funded pension systems. The recommended contribution amounts, while not based on each systems' actuarially determined amounts, do serve to reduce the outstanding unfunded liability of each system. Remaining resources have been allocated across departments in a manner designed to encourage operational efficiencies in the delivery of services and to begin to put the City in a position to fund the necessary changes to the way certain services will be delivered in the future.

The general fund allocation for Police services is \$134.7 million and now consumes nearly a third more of the entire budget. The allocated amount is based on a constant minimum staffing level of 1,503 commissioned officers and sufficient recruit classes to maintain the authorized level. The allocated amount also includes a contribution to the Police Retirement System of \$4.4 million. Building on the success of the program of enhanced neighborhood police patrols initiated in previous years, the allocation for Police services includes funds to expand the program by increasing the funding for overtime. The budget also includes \$47.3 million for Fire and Emergency Medical services operations and a contribution of \$4.7 million to cover Firefighters Retirement System costs. This amount reflects a slight decrease from FY2003 and continues the practice of operating 30 firehouses throughout the City.

In recent budget proposals, the City has implemented new programs aimed at enhancing the stability of its neighborhoods. In addition to responding to actual and perceived problems related to public safety, new programs designed to improve the

SUMMARY AND OVERVIEW

attractiveness of the neighborhoods were funded. These include a program to enhance street lighting in residential neighborhoods, the District Debris program to clean up and maintain vacant and abandoned property, and the Trash Task Force to reduce and ultimately eliminate illegal dumping. Each of these programs has met with initial success and funds to continue these efforts have been incorporated into the operating budget for FY2004.

Operational changes adopted for FY2004 include a decentralizing of responsibility for building maintenance services. Departments with offices located outside of the downtown government campus will be responsible for providing for the custodial and facility maintenance services at their facilities. At the City Hall building, custodial services will continue to be provided by the Facilities Management Division and the office of the City Marshal will as in the past provide security services.

In the FY2004 budget, the practice of allocating general fund revenues to finance and maintain public improvements is continued. This includes \$1.0 million to retire

debt associated with the Kiel Center, \$5.0 million to retire debt on the Edward Jones Dome, and \$4.2 for debt on the Convention Center. A reduction of \$9.5 million in Convention Center debt service payment for FY2004 and FY2005 is the result of refinancing the existing debt. Scheduled debt service for the current year will be reduced by \$8.7 million followed by a reduction of \$0.8 million in FY2005. Aside from these debt service payments, \$1.0 million and \$2.0 million allocations are included to preserve the assets at the Edward Jones Dome & Convention Center respectively, with \$0.1 million of the Convention Center asset preservation amount dedicated to replacing the current lighting system. In addition to these direct payments from the general fund budget, a total of \$8.6 million will be transferred to the Capital Improvements Fund to offset debt service requirements on the Justice Center, Carnahan Courthouse, and Civil Courts Building.

Fixed increases accommodated in the FY2004 budget include the impact of the current pay plan for firefighters and police officers that will provide for salary

SUMMARY AND OVERVIEW

adjustments based on years of service. With the current civil service pay plan expiring at the end of the fiscal year, no funds have been included in the budget for cost-of-living pay increases or merit raises for other City employees in anticipation of a new pay plan. Increases included in the budget estimates of the Circuit Court require the City to budget for new programs, new employees, and repairs to City owned buildings. These increases are funded as a result of statutory requirements to leave unaltered any budget estimates submitted by the Circuit Court. Negotiations between the City and the Circuit Court are ongoing during the budget review process and can result in some reductions from the original request, allowing for the restoration of previously considered budget cuts in other areas.

The adopted budget increases are funded by increases in recurring revenues, decreases in some operating costs, proposed fee increases, and use of previously unappropriated fund balances. Non-recurring new revenue included in the plan include the proceeds from a planned leverage lease of the Convention Center. Operating cost decreases include elimination of the subsidy to the

Truman Restorative Center and a decrease in debt services owing to the refinancing effort mentioned earlier. The aforementioned unappropriated fund balances refers to accumulated balances in certain special funds, as well as any excess in the general fund after setting aside a reserve equal to 5% of the general fund budget.

SUMMARY AND OVERVIEW

Major changes in the FY2004 General Fund Budget include:

- Refinancing of convention center debt resulting in reduction of \$8.7 million in FY2004 debt service obligations.
- Increase of \$3.5 million in operating costs for full year operations of the Justice Center.
- Restructuring of the Public Works Department (Board of Public Service) to allow for increased use of contractors for design and surveying functions.
- Increase of \$3.2 million to help offset rising cost of providing Police and City employee health insurance.
- Increase of \$2.7 million in the cost of providing medical care for pre-trial residents at City correctional facilities.
- Change in street sweeping schedules to provide monthly street sweeping in most all residential areas.
- Increase of \$2.0 million to pay for expected Unemployment and Worker Compensation claims.
- First full year appropriation for new Information Technology Services Agency.
- Elimination of bonuses paid to employees for perfect attendance.
- Elimination of \$2.5 million in operating subsidies due to closure of Truman Restorative Center

SUMMARY AND OVERVIEW

FY2004 GENERAL FUND REVENUES

Revenues available to support the budget for general operations are forecast at \$411.3 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 revenues which have accumulated in special funds and are being transferred to the general fund to augment recurring sources and proceeds from a leveraged lease transaction involving the Cervantes Convention Center.

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 FY2004 this group is expected to provide 40% of all general fund revenues. The increase for this group is

forecast at less than 1% over revised estimates for FY2003. Of this group, the earnings tax applied to individual's earnings and business profits is the most significant and is forecast to generate \$123.0 million, a decrease of 3.5% from the FY2003 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 \$41.1 million in FY2004. As is the case with earnings tax, this estimate represents a decrease from the current budget amount.

Property tax revenues are forecast to increase by 2.7% to \$44.5 million based on the expectation that the assessed value of real estate will continue to increase. Retail sales taxes are expected to generate \$47.7 million, an amount that is 4% lower than actual collections in FY2001 and which reflects the continuing decline in retail economic activity. 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,

SUMMARY AND OVERVIEW

a modest increase from the current year's revised estimate of \$51.3 million. While there are no rate increases incorporated into the forecast, the City will continue to benefit from an expansion of taxable services provided by telephone utilities. As in past years, the estimated receipts from the sale of both natural gas and electricity is based on existing rates and average usage, with extreme weather conditions being factored out.

Revenues from sources associated with the hospitality and entertainment industry are also projected to be higher. As a group, these services which include the amusement, restaurant, parking and hotel taxes are expected to provide \$23.2 million. In addition to the underlying growth in these sources, FY2004 will benefit from the addition of over 1,000 new hotel rooms in the downtown area. Intergovernmental revenue should be marginally higher due to increased capacity with the Justice Center completion providing additional space to house pre-trial inmates. Additionally, the City expects to receive approximately \$1.0 million from the U. S. Marshal's Office for housing federal prisoners in the Justice Center.

Departmental user fees will increase by nearly 7% mainly due to adjustments in charges for building permits and inspections, along with increasing efficiency in collection activity. The following chart depicts the allocation of revenue sources supporting the general revenue budget for FY2004.

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. Revised estimates for the current year project a decrease of 1.1 percent from actual receipts in FY2002. Earnings and payroll expense taxes in FY2004 are projected to provide \$123.0 and \$33.3 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 less than 1.0% over 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 FY2004, hotel and restaurant gross receipts

taxes are expected to provide \$12.1 million, an increase of 3.4 percent over the current year's budget amount of \$11.7 million. The expected increase results mainly from the addition of new hotel rooms in the downtown area, the impact of which should be available for a full year. Amusement tax revenues which are a function of ticket prices to sporting events are expected to increase due to previously announced price hikes as well as growing popularity of the events. For FY2004, amusement taxes are forecast to provide \$8.1 million, an increase of 2.5 percent over the current year's estimate.

Sales Tax

Local sales tax revenues will account for approximately \$47.1 million based on the local tax rate of 1.375%. Sales tax revenues have consistently declined since the beginning of the recession in 2001. The original estimate for the current year called for an increase of 2.5 percent. That amount has since been revised to show an increase of less than 0.5 percent. The FY2004 estimate does not assume any growth from the reduced base.

SUMMARY AND OVERVIEW

Property Tax

Property tax revenues, which will account for more than 10% of the general fund in FY2003 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. FY2004 revenues anticipate continued growth in the assessed value of real estate and based on preliminary reassessment results which show some increases as high as 25% over the previous value determined in 2001.

Franchise Tax

Revenues from franchise taxes are forecast at \$52.5 million. Because a 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 the airport based on reduced carrier revenues also serve to mitigate otherwise expected increases in this area.

License and Permits

License and permit revenue is expected to increase from the current year's level, by approximately 3.5% 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 anticipated increases in fees... 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 based on a statutory or constitutional formula. In the current fiscal year, the City has absorbed the

SUMMARY AND OVERVIEW

impact of reduced gasoline and automobile sales tax revenues due to its population decline. The projection for FY2004 for both automobile and gasoline tax revenues presumes no growth from the reduced amount now expected for FY2003. This category also includes state reimbursements for the cost of housing pre-trial inmates and placements of juvenile offenders. Because of increased capacity with the opening of the Justice Center, housing reimbursements are forecast to be higher, offsetting the decrease in other intergovernmental revenues

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

Revenue Category	Actual FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
Earnings Tax	\$121,656,640	\$121,954,000	\$123,000,000	0.9%
Sales Taxes	47,555,507	47,710,000	47,710,000	0.0%
Property Tax	42,155,909	43,336,000	44,512,000	2.7%
Payroll Expense Tax	35,358,684	33,282,000	33,300,000	0.1%
Franchise / Utility Taxes:				
Electricity	23,802,452	23,100,000	23,500,000	1.7%
Natural Gas	7,156,263	8,000,000	7,800,000	-2.5%
Telephone	11,302,876	10,500,000	10,850,000	3.3%
Water	3,796,847	3,800,000	4,000,000	5.3%
Airport	4,951,529	5,125,000	5,253,000	2.5%
All Other franchise fees	571,051	774,000	774,000	0.0%
Subtotal	51,581,018	51,299,000	52,177,000	1.7%
Intergovernmental Revenues:				
Gasoline Tax	9,275,077	8,600,000	9,600,000	11.6%
Health Care Payments	2,726,030	3,061,000	3,161,000	3.3%
Prisoner Housing Reimbursement	5,742,089	6,600,000	6,703,000	1.6%
Juvenile Detention Reimbursements	2,211,284	1,843,000	1,843,000	0.0%
Motor Vehicle Sales Tax	3,868,712	3,400,000	3,500,000	2.9%
Intangible Tax	118,417	165,000	200,000	21.2%
Subtotal	23,941,609	23,669,000	25,007,000	5.7%
Licenses:				
Graduated Business License	7,595,779	7,700,000	7,800,000	1.3%
Cigarette Occupational License	1,990,642	1,814,000	1,724,000	-5.0%
Sports and Amusement	7,700,667	7,715,000	8,137,000	5.5%
Automobile	1,377,143	1,375,000	1,375,000	0.0%
Parking Garages and Lots	2,527,046	2,625,000	2,700,000	2.9%
Other Licenses	509,335	547,000	899,000	64.4%
Subtotal	21,700,612	21,776,000	22,635,000	3.9%

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

Revenue Category	Actual FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
Departmental Revenues:				
Fines and Forfeits	6,712,824	6,537,000	7,977,000	22.0%
Building and Occupancy Permits	4,173,485	3,871,000	5,333,000	37.8%
Departmental User Fees & Other	24,423,680	23,475,000	25,569,000	8.9%
Subtotal	35,309,989	33,883,000	38,879,000	14.7%
Convention and Tourism Taxes:				
Hotel / Motel Gross Receipts ¹	5,000,000	5,500,000	6,050,000	10.0%
Restaurant Gross Receipts - 1 cent ¹	4,300,000	4,000,000	3,800,000	-5.0%
Restaurant Gross Receipts - 1/2 cent	1,986,694	2,150,000	2,225,000	3.5%
Subtotal	11,286,694	11,650,000	12,075,000	3.6%
All other revenues and transfers	2,630,554	4,650,000	12,015,000	158.4%
Fund Balance (in excess of 5%)	0	4,000,000	0	
Subtotal	2,630,554	8,650,000	12,015,000	38.9%
TOTAL GENERAL FUND REVENUES	\$393,177,216	\$397,209,000	\$411,310,000	3.6%

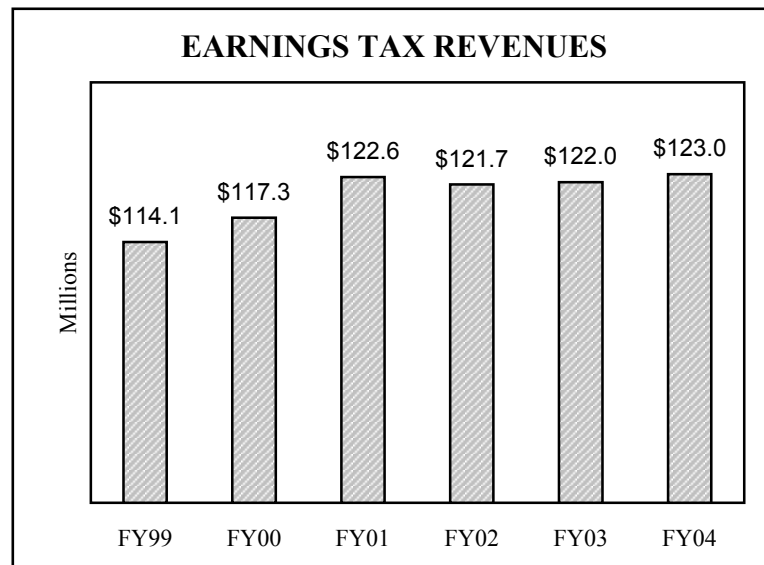
¹ Transfers from convention and sports facility trust fund and convention and tourism fund respectively

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

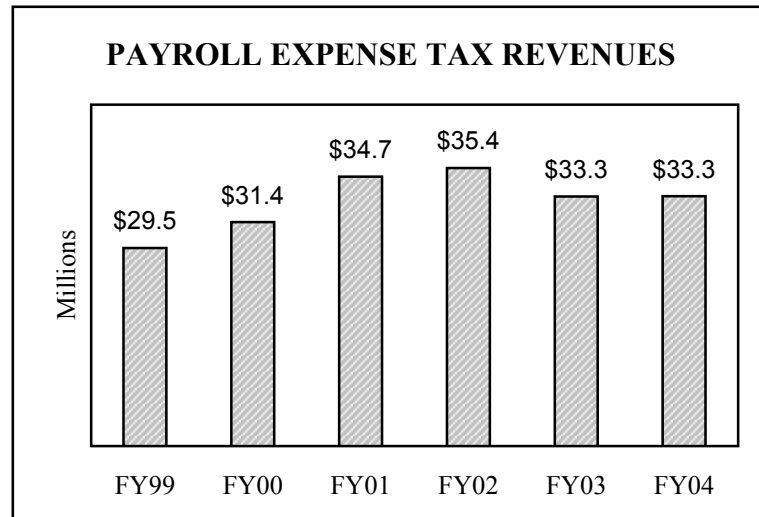
The city earnings tax is the most significant single source of general fund revenues, comprising nearly one-third of the total revenues. Receipts from individual taxpayers comprise about 85 percent of total earnings tax revenues, with businesses paying the remaining 15 percent. The Collector of Revenue 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.

After a year over year decline in FY02, earnings tax receipts are anticipated to finish the current fiscal year with little to no growth. Revenues are projected to grow at a sluggish pace of less than 1% in FY04.

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

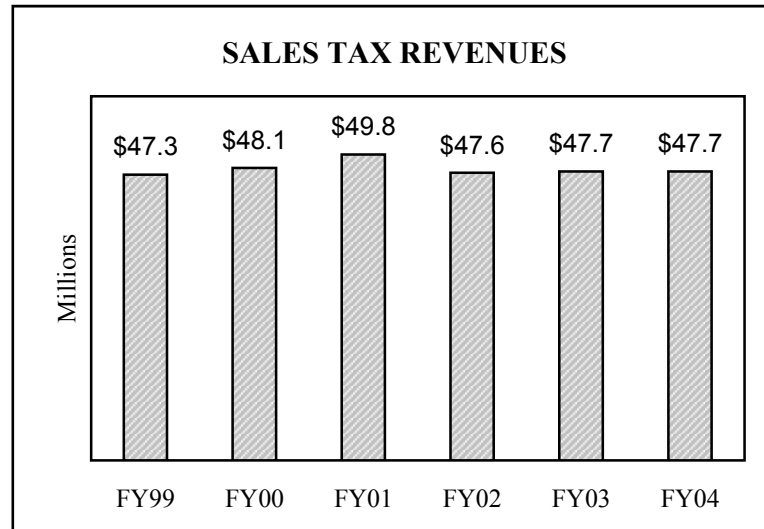
The payroll expense tax was implemented in 1988 as part of an overall tax reform package, the aim of which was to redesign the city revenue base to be more attuned to changes in the economy. Payroll expense tax receipts follow trends in earnings tax collections, but grows at a different rate, due to a somewhat different base and exemptions noted above. After a decline in anticipated receipts in FY03, payroll tax revenues are projected to remain flat in FY04.

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



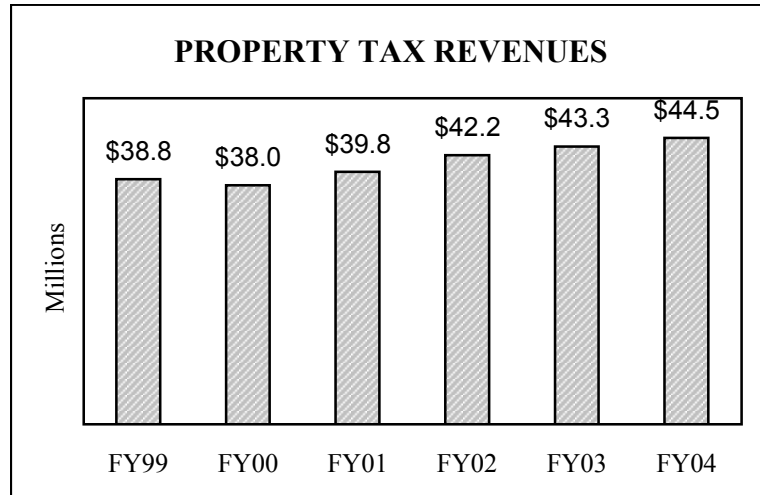
The chart above shows the collections history of the city's 1.375% local sales tax that is deposited into the City's general fund. Sales tax revenues have show little growth over the past fiscal year and are projected to remain at current levels in FY04.

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 Bi-State Transit Authority. Finally a 0.10% regional parks sales tax which became effective in 2001 brings the total sales taxes imposed by the City to total 2.725%.

REAL AND PERSONAL PROPERTY TAXES

Definition

A tax levied on the assessed value of all real and personal property. The current tax rate is \$7.2617 per \$100 assessed value



Discussion

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

State	\$0.0300
Schools	4.3000
Community College	0.2320
Library	0.5600
Zoo, Museum, Garden District	0.2220
Sewer District	0.0690
Sheltered Workshop	0.1500
Community Mental Health	0.0900
City - General Purposes	1.4574
City - Public Debt	0.1513
TOTAL	\$7.2617

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.

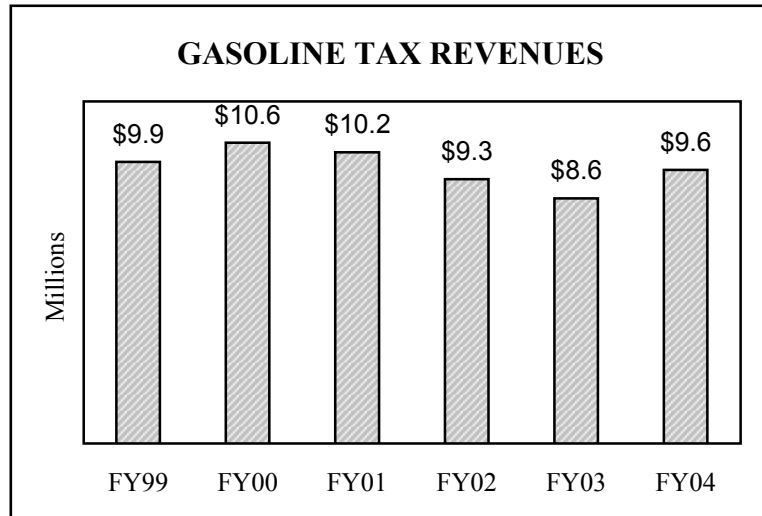
In addition to the rate shown, commercial real property is taxed at a rate of \$1.64 per \$100 assessed valuation, as a replacement for the Manufacturer's Inventory tax

Property tax revenues to the general fund are projected to grow 2.7% in FY04.

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.



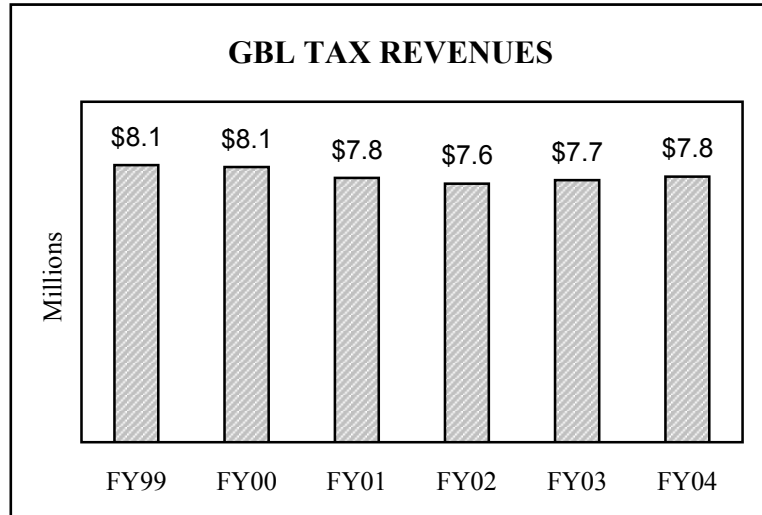
Discussion

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. FY03 receipts reflect the full year's impact of the census with \$1.6 million less than that received in FY01. The projected increase in FY04 reflects the shift of some gas tax revenues previously allocated to the capital fund back to the general fund.

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

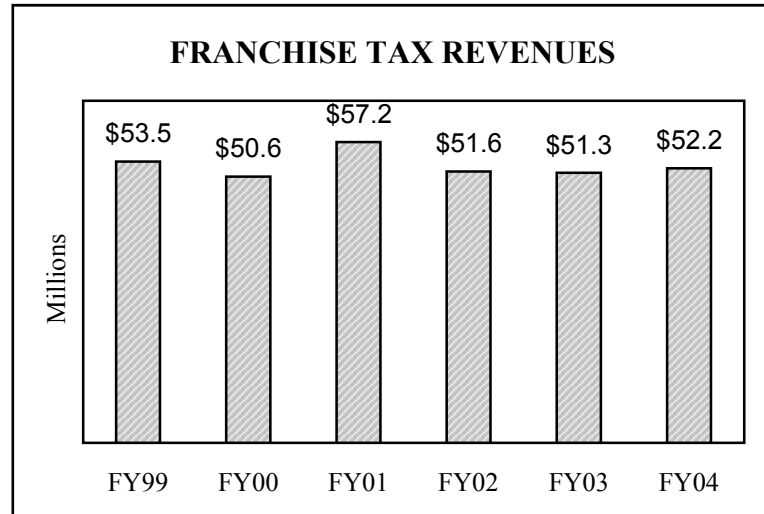
The graduated business license tax and provides a consistent source of revenue of just under \$8.0 million per year. As indicated by the chart above, the level of employment activity has remained relatively constant. Taxes are based on the following schedule.

<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 Receipts FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
SPECIAL FUND REVENUES:				
Local Use Tax Fund	\$19,455,532	\$23,900,000	\$24,000,000	0.4%
Fund Balance	0	0	7,140,000	
	19,455,532	23,900,000	31,140,000	30.3%
Convention and Tourism Fund				
Restaurant Gross Receipts Tax (1%)	3,818,539	3,936,000	4,224,000	7.3%
Fund Balance	556,461	0	0	
	4,375,000	3,936,000	4,224,000	7.3%
Convention and Sports Facility Fund				
Hotel and Motel Sales Tax (3.5%)	4,743,157	5,055,000	5,700,000	12.8%
Fund Balance	256,843	0	350,000	
	5,000,000	5,055,000	6,050,000	19.7%
Building Demolition Fund - Permits				
Fund Balance	1,421,703	1,600,000	1,600,000	0.0%
	361,798	0	444,000	
	1,783,501	1,600,000	2,044,000	27.8%
Assessment Fund				
Real Estate Tax	1,124,775	1,100,000	1,100,000	0.0%
State Reimbursements	838,953	639,000	639,000	0.0%
Other	85,141	98,600	98,600	0.0%
General Fund Subsidy	1,800,000	1,929,000	2,050,000	6.3%
	3,848,869	3,766,600	3,887,600	3.2%
Miscellaneous Special 1116 Funds				
Forest Park Fund	410,836	410,000	410,000	0.0%
Child Support Unit	1,440,161	1,478,000	1,637,000	10.8%
Street Excavation Fund	241,061	240,000	240,000	0.0%
Port Authority (incl. gaming lease)	2,602,626	2,540,000	3,225,000	27.0%
Port Authority (previous year rollovers)	0	1,602,000	305,000	-81.0%
Building Commissioner - Lead Remediation	1,273,547	1,100,000	1,300,000	18.2%
Police Officer Training Fund	83,923	80,000	80,000	0.0%
Communicable Disease - Immunization Fund	342,677	340,000	340,000	0.0%
Health Division - Other Special Revenue	374,341	400,000	425,000	6.3%
Special Health Care Fund	214,138	1,500,000	0	n/a
Battered Persons Shelter Fund	135,216	130,000	130,000	0.0%

CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual Receipts FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
BPS Special Project Funds	0	0	1,249,600	n/a
Other Special Revenue Funds	31,985	139,000	230,442	65.8%
Fund Balances	0	0	904,000	
	<u>7,150,511</u>	<u>9,959,000</u>	<u>10,476,042</u>	5.2%
Communications Fund				
Cable Television Gross Receipts Tax	2,000,406	2,216,000	1,921,480	-13.3%
Fund Balance	0	0	118,000	
	<u>2,000,406</u>	<u>2,216,000</u>	<u>2,039,480</u>	-8.0%
Lateral Sewer Fund				
Tax receipts and interest	2,809,197	2,900,000	2,900,000	0.0%
Fund Balance	0	700,000	515,000	-26.4%
	<u>2,809,197</u>	<u>3,600,000</u>	<u>3,415,000</u>	-5.1%
Riverfront Gaming Revenues (excl. Port lease)				
Adjusted Gross Receipts Tax (@ 2%)	1,572,831	1,500,000	1,500,000	0.0%
Admissions Tax (@ \$1)	4,218,134	3,800,000	3,800,000	0.0%
Interest	14,683	10,000	10,000	
Fund Balance	0	1,460,000	0	
	<u>5,805,648</u>	<u>6,770,000</u>	<u>5,310,000</u>	-21.6%
Government Grant Fund Revenues				
St. Louis Agency on Training & Employment	10,972,102	8,800,000	7,980,000	-9.3%
Police Department Grants	4,529,862	10,193,000	8,625,000	-15.4%
Community Development (admin. portion)	3,870,060	6,267,000	5,892,000	-6.0%
Other Government Grants	27,551,989	35,949,000	41,861,000	16.4%
	<u>46,924,013</u>	<u>61,209,000</u>	<u>64,358,000</u>	5.1%
Capital Improvements Funds				
1/2 Cent Sales Tax	17,247,764	18,143,000	17,000,000	-6.3%
Metro Parks Sales Tax	1,373,167	1,212,600	1,530,000	26.2%
Gasoline Tax	1,750,000	1,450,000	600,000	-58.6%
Previous Year Surpluses / Balances	5,280,000	6,080,000	80,000	-98.7%
Income From Sale Of City Assets	167,655	350,000	550,000	57.1%
Transfers from General and Other Funds	12,052,447	9,245,000	12,500,000	35.2%
Courthouse Restoration Funds	0	1,675,000	1,700,000	1.5%
Capital Grants	1,200,000	2,500,000	0	
Interest Earnings	896,550	0	0	
	<u>39,967,583</u>	<u>40,655,600</u>	<u>33,960,000</u>	-16.5%

CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual Receipts FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
Debt Service Fund				
Property Taxes	6,962,969	5,702,000	5,707,000	0.1%
	<u>6,962,969</u>	<u>5,702,000</u>	<u>5,707,000</u>	<u>0.1%</u>
Tax Increment Financing	4,217,536	1,944,000	2,013,000	3.5%
Trustee Lease Fund - Interest & DSR Earnings	1,734,907	1,052,000	682,000	-35.2%
Mail Services Internal Service Fund	457,283	870,000	951,000	9.3%
Employee Benefits Fund	25,925,216	30,987,185	36,635,000	18.2%
Fund Balance	0	660,000	0	n/a
	<u>25,925,216</u>	<u>31,647,185</u>	<u>36,635,000</u>	<u>15.8%</u>
Subtotal Special Fund Revenues	<u>178,418,171</u>	<u>203,882,385</u>	<u>212,892,122</u>	<u>4.4%</u>
ENTERPRISE FUND REVENUES:				
Water Division				
Net Sales of Water	36,849,612	35,640,000	36,740,000	3.1%
Gross Receipts Tax	3,796,847	3,800,000	4,000,000	5.3%
All Other Income	6,800,701	3,053,250	3,548,250	16.2%
	<u>47,447,160</u>	<u>42,493,250</u>	<u>44,288,250</u>	<u>4.2%</u>
Lambert St. Louis Airport				
Landing Fees	42,389,000	47,690,000	48,852,000	2.4%
Rents	40,170,492	42,728,000	49,551,000	16.0%
Utilities and Charges	1,948,508	2,010,000	2,059,000	2.4%
Concessions	24,325,000	28,595,000	24,718,000	-13.6%
Interest	7,960,000	7,636,000	7,460,000	-2.3%
Parking and Miscellaneous	10,456,000	12,840,000	12,474,000	-2.9%
Pledged PFC Revenues	21,894,000	18,766,310	18,766,310	0.0%
LOI Grant Receipts	0	12,006,000	0	
	<u>149,143,000</u>	<u>172,271,310</u>	<u>163,880,310</u>	<u>-4.9%</u>
Subtotal Enterprise Funds	<u>196,590,160</u>	<u>214,764,560</u>	<u>208,168,560</u>	<u>-3.1%</u>

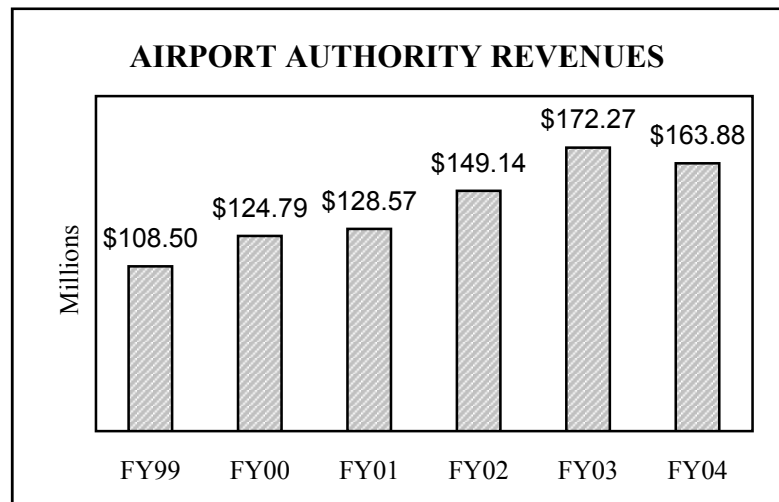
CITY OF ST. LOUIS
SPECIAL AND OTHER FUNDS REVENUE ESTIMATE

Revenue Category	Actual Receipts FY02	Revised Estimate FY03	Projected Receipts FY04	Percent Change
Total Special and Enterprise Revenues	\$375,008,331	\$418,646,945	\$421,060,682	0.6%
Revenues Appropriated Separately:				
Street Improvement Fund				
Motor Vehicle Sales Tax	905,280	956,000	850,000	-11.1%
Franchise (Utility) Taxes	3,499,425	4,194,000	3,361,000	-19.9%
	4,404,705	5,150,000	4,211,000	-18.2%
Community Dev. Block Grants / Housing Grants (excluding admin. listed above)	66,697,587	30,733,000	31,232,000	1.6%
Parking Division				
Meter Division Revenues	9,894,153	5,900,000	5,500,000	-6.8%
Parking Facility Revenues	4,364,235	4,900,000	4,800,000	-2.0%
	14,258,388	10,800,000	10,300,000	-4.6%
Transportation Funds				
Transportation 1/2 Cent Sales Tax	17,286,535	20,185,476	19,082,000	-5.5%
MetroLink 1/4 Cent Sales Tax	8,847,249	10,834,818	9,541,000	-11.9%
	26,133,784	31,020,294	28,623,000	-7.7%
Total All Special and Other Fund Revenues	\$486,502,795	\$496,350,239	\$495,426,682	-0.2%

AIRPORT AUTHORITY (Lambert-St. Louis International Airport)

Definition

Airport revenue comes from Signatory Airline Fees, Concession Revenues, Interest Income and other revenues.



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, Continental, Delta, 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. FY03 revenues included over \$12 million in one-time LOI grant receipts.

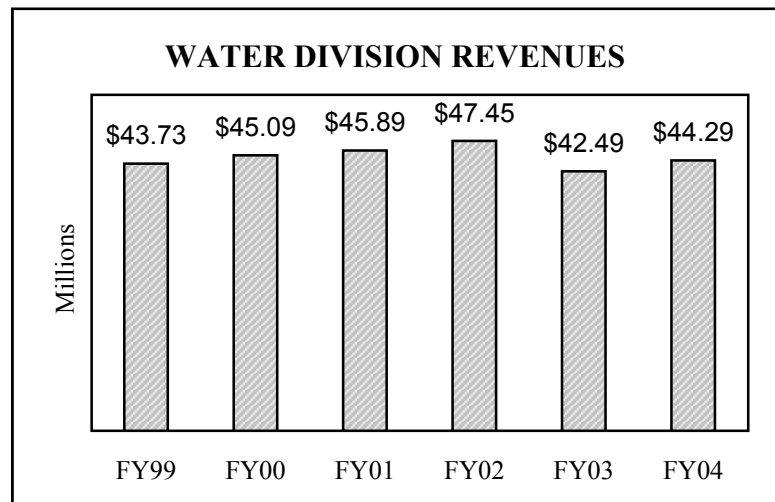
WATER DIVISION

Definition

The Water Division receives revenues from Net Sales of Water, Gross Receipts Tax and other miscellaneous income.

Discussion

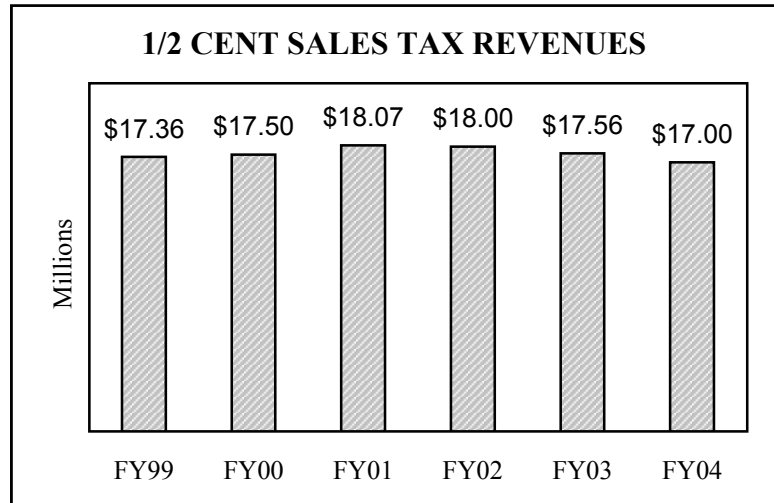
Revenues from net sales of Water include sales to flat-rate and metered customers and sales to other governmental jurisdictions. While the number of metered and unmetered customers has decreased slightly the sales to other governmental jurisdictions has more than compensated for the decrease. The Gross Receipts Tax is a 10% utility tax levied on all purchasers of water from the Water Division and payable to the City's General Fund. 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.



1/2 CENT CAPITAL SALES TAX

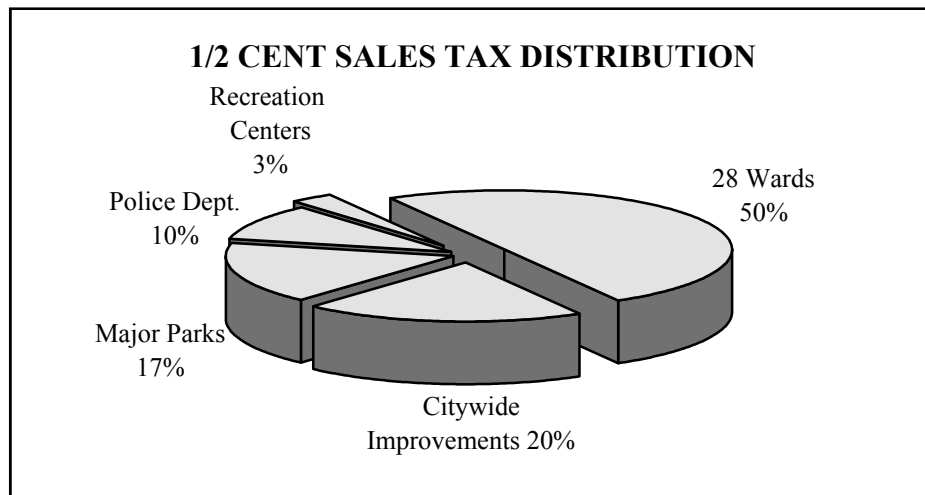
Definition

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 FY04 is projected to total \$17.0 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:



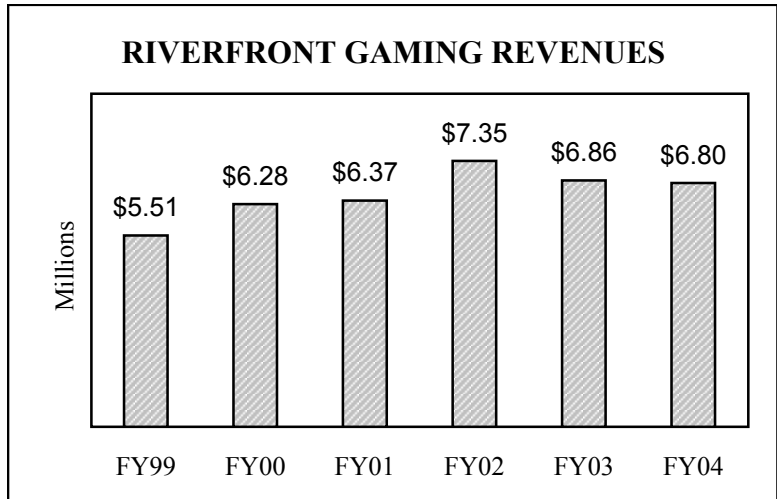
RIVERFRONT GAMING

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



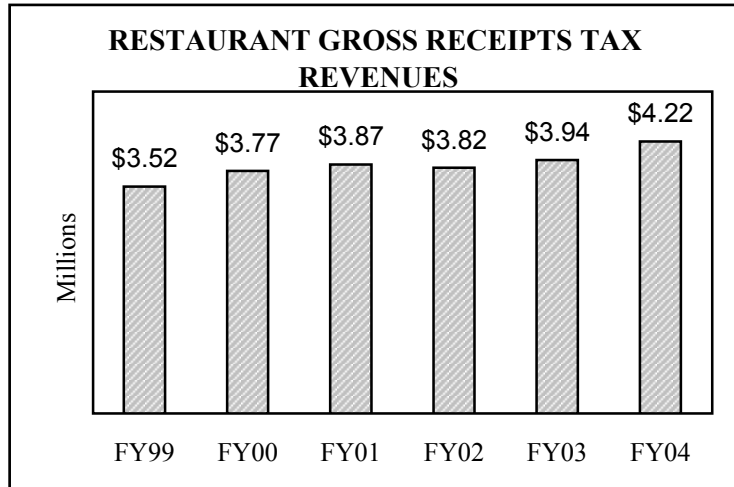
Riverboat gaming on the St. Louis riverfront began in May, 1994 with the opening of President Casino's Admiral riverboat. The variety of games was somewhat limited until "games of chance" (e.g. slot machines) were permitted by law beginning in December, 1995. The State of Missouri imposes a 20% tax on 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 the between the riverboat operator and the City's Port Authority.

Two recent developments have had a positive impact on the level of gaming revenues. During FY00, the Missouri Gaming Commission approved open boarding, which led to an increase in the number of visitors patronizing the Admiral. Subsequently the Admiral was relocated from its original docking point across from the Arch to a new location at Laclede's Landing. The new site is better situated for parking and offers greater protection from rising river waters. Gaming revenues in the past fiscal year have been levelling off of the higher receipts that immediately followed these improvements.

RESTAURANT GROSS RECEIPTS TAX

Definition

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



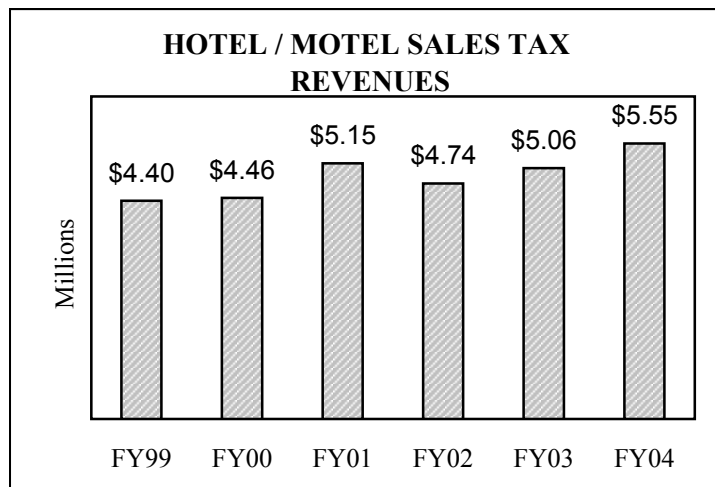
Discussion

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 are used to offset debt service payments on the Cervantes Convention Center.

HOTEL / MOTEL SALES TAX

Definition

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



Discussion

Beginning in FY94, the City's \$2.00 license fee per occupied hotel room was replaced by a 3.5% sales tax on hotel and motel receipts. The change in structure has allowed this source of revenue to grow with inflationary increases in the cost of a hotel room. Hotel Tax receipts have also continued to grow with the addition of hotel developments in the downtown area. Proceeds from this tax are deposited into a Convention and Sports facility trust fund and are used to offset debt payments on the City's convention center.