



POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2020

CITY OF MARYLAND HEIGHTS, MISSOURI



Department of Finance
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OUR MISSION

We will provide superior municipal services in a safe and appealing setting in order to attract and retain residents committed to our city, thriving businesses and premier hospitality venues.

WHAT'S A PAFR?

The 2020 Popular Annual Financial Report (PAFR) is designed to inform residents of Maryland Heights and other interested parties about how the City is doing financially in a format that is easily understandable. We hope the PAFR can convey the City's finances for those that may feel confused by, or uninterested in, accounting jargon.

Each year, the City of Maryland Heights prepares a Comprehensive Annual Financial Report that provides detailed information about the City's financial position. The Comprehensive Annual Financial Report is prepared in conformance with generally accepted accounting principles (GAAP) and provides detailed information and includes an audit from an independent firm of licensed certified public accountants. To view the Comprehensive Annual Financial Report in its entirety, please visit www.marylandheights.com/2020AnnualReport or the Government Center. The PAFR is not a substitute for the Comprehensive Annual Financial Report.

The information contained herein is taken from the City's Comprehensive Annual Financial Report and is presented for the purpose of communicating the City's financial position.

City functions are comprised of governmental and business-type activities.

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AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Maryland Heights for its Popular Annual Financial Report for the year ended December 31, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Maryland Heights
Missouri**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

GOVERNMENTAL ACTIVITIES

Governmental activities are functions of the City that are principally supported by taxes and intergovernmental revenues.

The 2020 financial results of the City of Maryland Heights for general government purposes were as follows (*in thousands*):

All Funds – Governmental

Revenues	\$ 33,278,527
Transactions related to TIF Bonds	(657,214)
Transfer to Community Ice Center	(6,411,450)
Other Sources/uses	474,318
Expenditures:	<u>(41,144,792)</u>
Difference:	\$ (14,460,611)
Fund Balances - beginning 2020	<u>54,246,934</u>
Fund Balances - at the end 2020	<u><u>\$ 39,786,323</u></u>

BUSINESS-TYPE ACTIVITIES

Business-type activities are functions of the City that are intended to recover their costs through user fees and charges.

In 2018, the City established the Community Ice Center Fund to account for the financing, construction, and operation of a new 275,000 square foot facility featuring three indoor and one outdoor ice rinks. The facility opened in September of 2019.

Community Ice Center

Revenues	\$ 4,598,107
Expenses	(9,232,638)
Transfer in	<u>6,411,450</u>
Change in Net Position	\$ 1,776,919
Net position at end of 2019	<u>17,430,505</u>
Net position at end of 2020	<u><u>19,207,424</u></u>



CITY FUNCTIONS

Governmental Activities and Services

- Police Services
 - Administration
 - Patrol
 - Detective Bureau
 - Dispatching
 - Community Services
 - Community Response Unit
- Public Works
 - Administration and Engineering
 - Street Maintenance
 - Street Lighting
 - Storm Water
 - Sewer Lateral
 - Trash Hauling/Recycling
 - Capital Improvements
- Parks and Recreation
 - Administration
 - Recreation
 - Community Center Maintenance
 - Aquaport
 - Parks Maintenance
- Community Development
 - Planning and Zoning
 - Economic Development
 - Tourism
 - Building and Code Inspections
- General and Administration
 - Mayor and Council
 - City Clerk
 - City Administration
 - Communications
 - Finance
 - Information Technology

Governmental Activities: Tax Increment Financing

- Dorsett Road
- Westport Plaza

Business-Type Activities

- Community Ice Center

GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

REVENUES

City revenues decreased 18.8 percent (\$6.9 million) in 2020 from 2019.

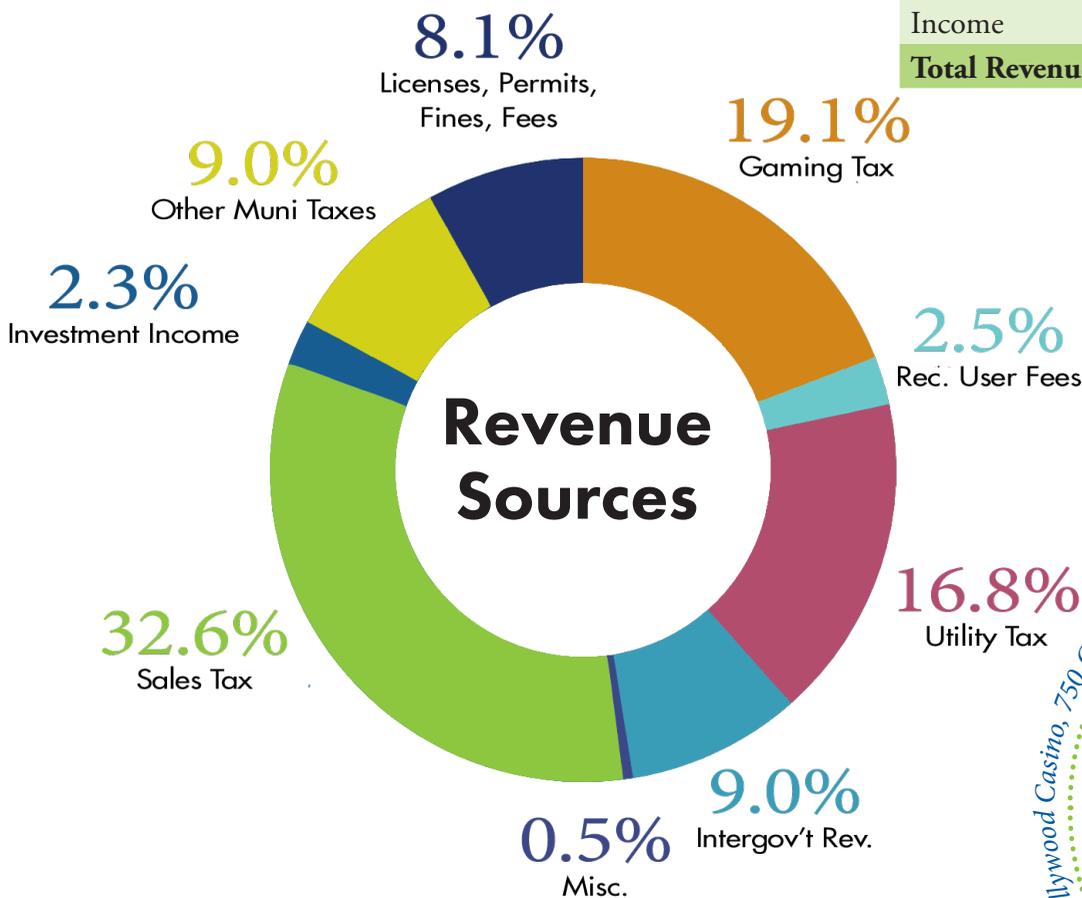
The COVID-19 coronavirus had a major impact on 2020 City revenues; the following revenues declined a combined total of \$8.9 million compared to 2019:

- Gaming taxes were down \$4.3 million, a decrease of 42.9%
- Sales taxes were down \$1.5 million, a decrease of 12.5%
- Recreation user fees were down \$1.4 million, a decrease of 66%
- Utility gross receipts taxes were down \$.5 million, a decrease of 9.3%
- Court fees and fines were down \$.5 million, a decrease of 50%
- Investment income was down \$.7 million, a decrease of 43%
- Tourism taxes were down \$.2 million, a decrease of 57%

WHERE DOES THE MONEY COME FROM?

<i>In Thousands of Dollars</i>	2018	2019	2020
Gaming Tax	\$10,010	\$9,983	\$5,704
Sales Tax	11,074	11,246	9,716
Utility Tax	6,373	5,538	5,021
Intergovernmental	1,887	488	2,687
Licenses, Permits, Fines, Fees	3,271	2,839	2,423
Other Municipal Taxes	2,999	2,981	2,687
Recreation User Fees	2,098	2,158	740
Miscellaneous	148	112	160
Investment Income	857	1,369	688
Total Revenue	\$38,717	\$36,714	\$29,826

In 2020 the City received \$1.9 million in CARES Act funds from St. Louis County to assist in the funding of public safety services during the pandemic.



GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

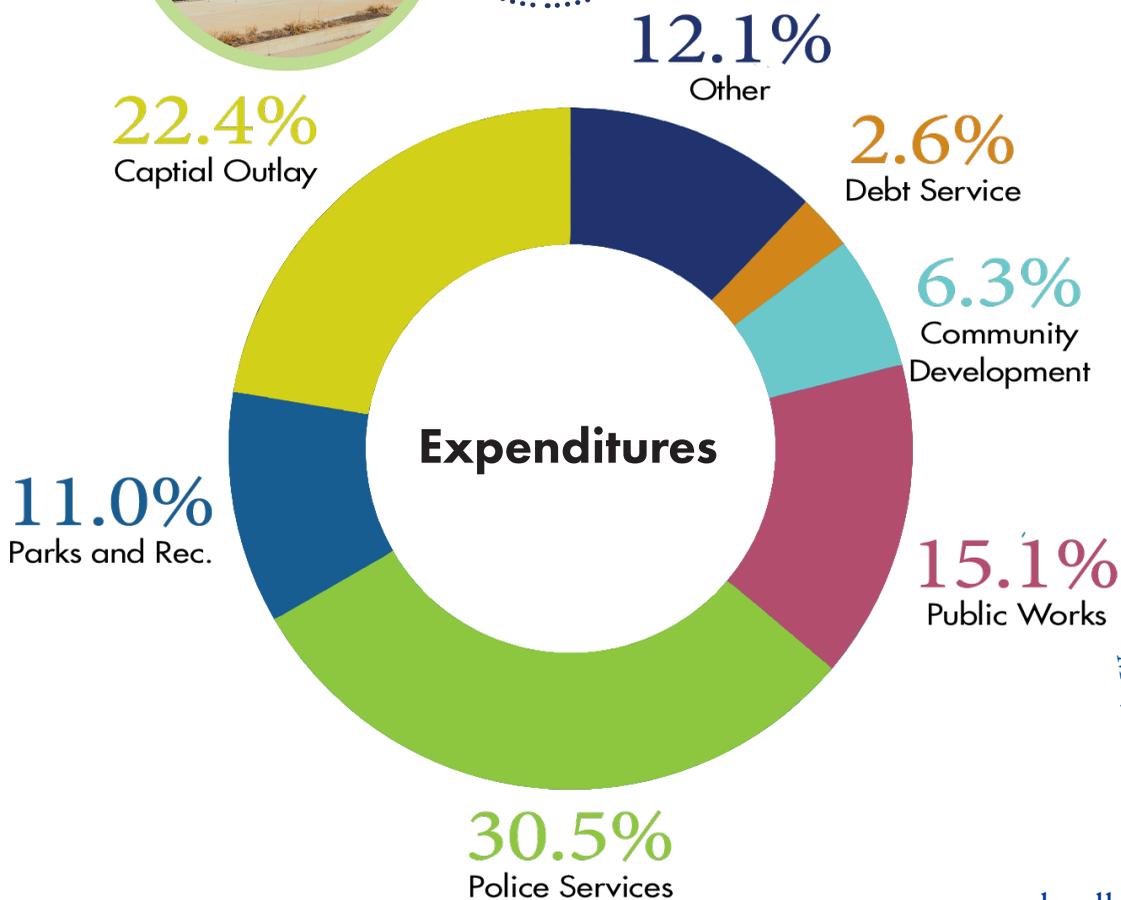
EXPENDITURES

Total expenditures increased \$1.9 million in 2020 from 2019 primarily the result of higher capital outlay in 2020. Notably, in 2020 the City expended \$5 million on renovations to the City's water park, Aquaport.

Operating expenditures decreased \$666 thousand (2.3%) in 2020 primarily due to the impact of the pandemic. Demand on City services were lessened and some expenditures were reduced in 2020. Notably, various recreational facilities were closed at times and programs suspended in response to health concerns surrounding the COVID-19 pandemic, including a complete shutdown for the season of the City's water park. Thus, Parks and Recreation operating expenditures were \$1 million lower in 2020 than 2019.

WHERE DOES THE MONEY GO?

<i>In Thousands of Dollars</i>	2018	2019	2020
Legislative	\$148	\$180	\$146
General Services	2,117	2,238	2,357
Finance	1,420	1,386	1,468
Judicial	337	348	349
Human Services	217	194	183
Community Development	2,069	2,210	2,352
Public Works	5,733	5,845	5,616
Police Services	11,264	11,019	11,331
Parks & Recreation	5,214	5,135	4,087
Total Operating	28,519	28,555	27,889
Debt Service	978	975	977
Capital Outlay	4,981	5,758	8,304
Total Expenditure	\$34,478	\$35,288	\$37,170



GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

FUND BALANCES AT DEC. 31, 2020

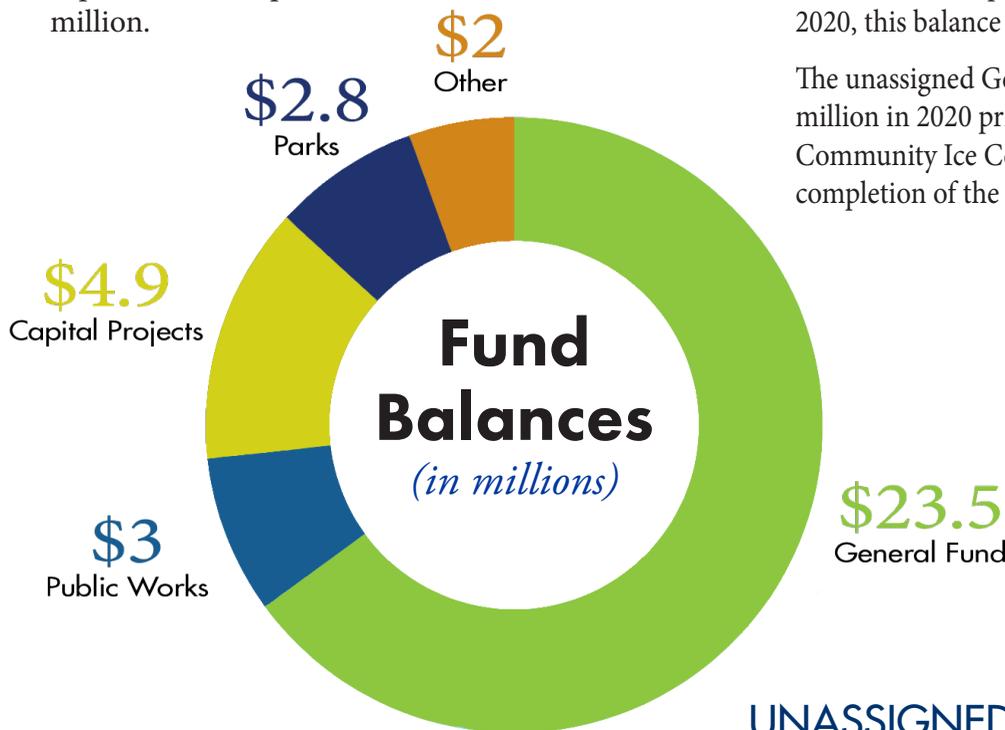
Funds totaling \$36.2 million were available at year-end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

Included in these amounts are commitments for future contracts (“encumbrances”) and other certain specific future uses of fund resources (e.g., prepaid expenses). These portions of fund balances total \$2 million.

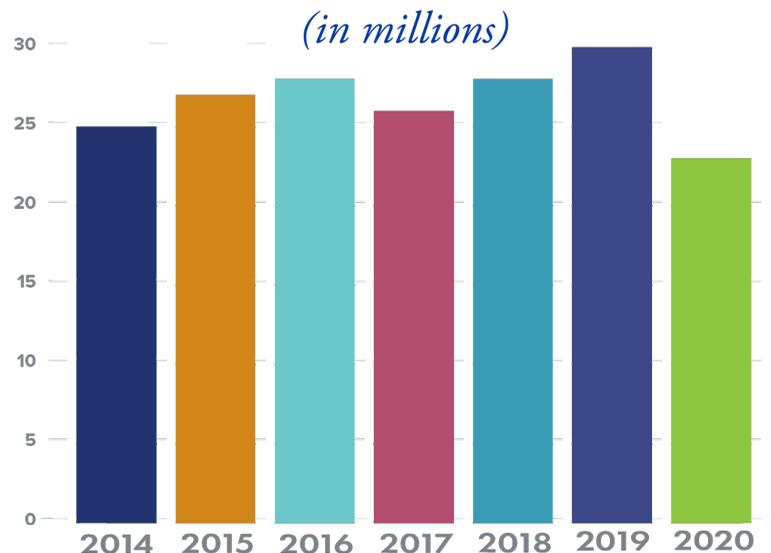
The General Fund is the city’s major operating fund. It is used to account for all financial resources except those that are required to be accounted for in another fund.

The unassigned fund balance of the General Fund at the end of the year represents funds available that the city can use for any of its purposes. The City’s goal is to maintain an unassigned General Fund balance equal to 75% of annual General Fund expenditures (\$17.6 million). At the end of 2020, this balance was \$23.5 million.

The unassigned General Fund balance decreased by \$6.7 million in 2020 primarily as a result of transfers to the Community Ice Center Fund (Enterprise Fund) to finance completion of the facility.



UNASSIGNED GENERAL FUND BALANCE (2014 - 2020)



DEBT RELATED TO GOVERNMENTAL ACTIVITIES

In January, 2015 the City issued \$15 million in Certificates of Participation, a form of leasehold revenue bonds, to finance half the cost of the new community center. The certificates bear interest ranging from 2% to 3.15%. At the end of 2020 the total principal outstanding was \$11,880,000.

The debt service is expected to be paid from the Park Fund using part of the proceeds of the City's half-cent sales dedicated to Parks. Annual debt service requirements will total about \$980,000 each year through 2035.

COMMUNITY CENTER DEBT SCHEDULE

Year	Principal	Interest	Total
2021	665,000	314,082	979,082
2022	675,000	300,682	975,682
2023	690,000	286,862	976,862
2024 - 2028	3,705,000	1,181,721	4,886,721
2029 - 2033	4,255,000	628,540	4,883,540
2034 - 2035	1,890,000	59,890	1,949,890
Total	\$11,880,000	\$2,771,777	\$14,651,777



TAX INCREMENT FINANCING

The City has established two Tax Increment Financing (TIF) Districts pursuant to Missouri statutes. TIFs allow for the redevelopment of the areas and use incremental tax revenues to provide for eligible expenditures related to the project.

TIF DISTRICT FINANCIAL SUMMARY

During 2020	Westport		Total
	Plaza	Dorsett	
Revenues	\$ 3,238,553	\$ 231,232	\$ 3,469,785
Expenditures	3,724,715	249,970	3,974,685
Difference	(486,162)	(18,738)	(504,900)
Sale of Property	0	349,490	349,490
Bonds Issued	20,355,000	0	20,355,000
Notes Refunded	(21,012,214)	0	(21,012,214)
Change	(1,143,376)	330,752	(812,624)
Balance, January 1	4,184,708	154,709	4,339,417
Balance, December 31	\$ 3,041,332	\$ 485,461	\$ 3,526,793



TIF DISTRICT OUTSTANDING DEBT

	Westport Plaza	Dorsett	Total
December 31, 2020	\$ 20,355,000	NONE	\$ 20,355,000

Tax Increment Financing debt are special, limited obligations of the City, payable solely from certain pledged revenues, other monies pledged, and applicable guaranties. The debt does not directly, indirectly, or contingently obligate the City.

BUSINESS-TYPE ACTIVITIES

In 2018, the City established the Community Ice Center Fund to account for the financing, construction, and operation of a new 275,000 square foot facility featuring three indoor and one outdoor ice rinks. The facility opened in September of 2019.

Revenues generated from leases, including a 30-year lease with the St. Louis Blues National Hockey League franchise for use as their training and practice facility, and other user fees are expected to provide for the operating, capital and debt service needs.

In 2020, revenues from leases, sponsorships and programs totaled \$3.9 million. Additionally, a grant from the St. Louis County Port Authority and contributions from a special taxing district provided \$593,166 and investment income was \$58,079. Expenses for operating, debt service and depreciation amounted to \$9,232,638. A transfer of \$150,000 from the City’s Park Fund pursuant to a financing agreement and transfers totaling \$6,261,450 from the City’s General Fund also provided funds for the Ice Center. Unrestricted net position at December 31, 2020 amounted to a negative \$452,794, an increase of \$5.5 million, primarily due to the transfer from the General Fund.

COMMUNITY ICE CENTER FUND

Revenues and Contributions	2019	2020
Operating Revenues	\$1,941,117	\$3,946,862
Contributions from Legacy Ice Foundation		
Contributions from Community Improvement District	465,253	93,166
Grant Revenue—St. Louis County Port Authority	500,000	500,000
Investment Income	922,721	58,079
Total Revenues	\$3,829,091	\$4,598,107
Transfer from Governmental Funds	100,000	6,411,450
Total Revenues, Contributions and Transfers-In	3,929,091	11,009,557
Expenses		
Operating Expenses	\$3,359,769	\$6,520,798
Trustee Fees		5,874
Interest Expense	2,697,568	2,705,966
Total Expenses	\$6,057,337	\$9,232,638
Increase/Decrease in Net Position	\$2,128,246	1,776,919
Net Position January 1	19,558,751	17,430,505
Net Position December 31	17,430,505	19,207,424

COMMUNITY ICE CENTER DEBT SCHEDULE

Year	Principal	Interest	Total
2021	845,000	2,690,391	3,535,391
2022	635,000	2,657,731	3,292,731
2023	710,000	2,627,741	3,337,741
2024 - 2028	5,240,000	12,525,964	17,765,964
2029 - 2033	7,210,000	11,061,155	18,271,155
2034 - 2038	8,985,000	9,063,163	18,048,163
2039 - 2043	11,500,000	6,498,499	17,998,499
2044 - 2048	13,855,000	3,262,088	17,117,088
2049	6,070,000	151,750	6,221,750
Total	\$55,550,000	\$53,258,295	\$108,808,295



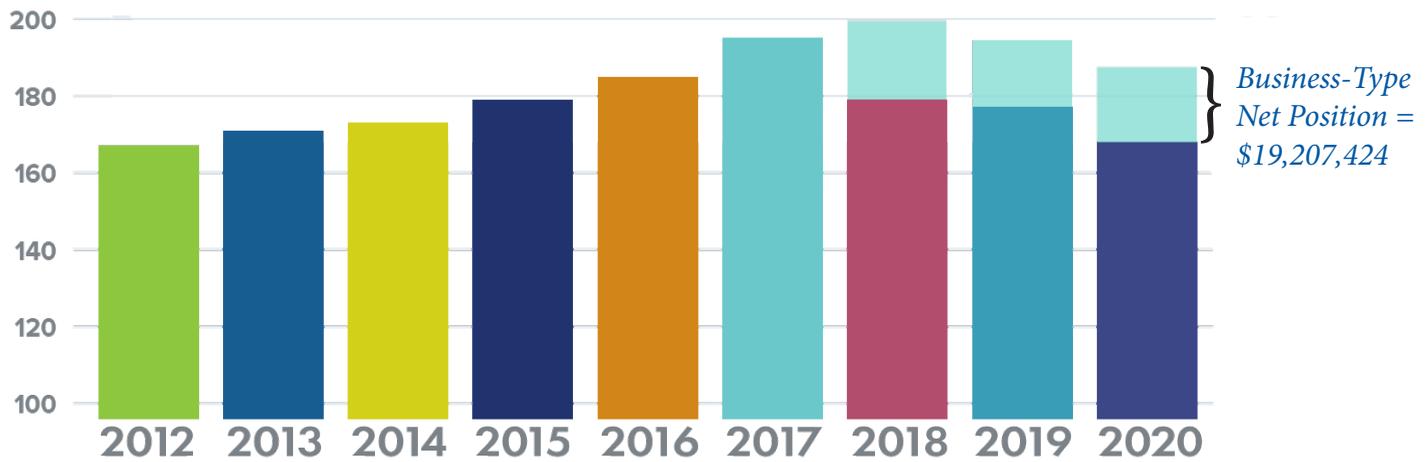
NET POSITION

As previously noted, this report emphasizes the 2020 financial results and the available fund balances as of December 31, 2020 of all governmental and business-type funds. Governmental funds focus on near-term inflows and outflows of expendable resources and the resulting balances available at the end of the fiscal year.

The City also issues Government-wide financial statements in its Comprehensive Annual Financial Report. These statements are designed to provide readers with a broad overview of the City similar to a private-sector business. Included is a "Statement of Net Position." This statement defines net position as the difference between all assets and all liabilities. The key consideration in analyzing net position is not so much the amount itself but the direction and speed at which it is increasing or decreasing. The City's net position had increased steadily through 2017 as shown below. The combined net position of governmental and business-type activities totaled \$188 million at the end of 2020. Governmental net position decreased in 2018, 2019 and 2020 due to the issuance of tax increment financing outstanding debt for the Westport Plaza redevelopment area and transfers to the Enterprise Fund (Community Ice Center).

GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES NET POSITION (2012-2020)

(in millions of dollars)



SALES TAX RATES IN MARYLAND HEIGHTS

The total tax on retail sales in Maryland Heights is 8.2375%.

Levying Jurisdiction	Rate	Maryland Heights 2020 Share*
State of Missouri	4.225%	NONE
St. Louis County — General	1.000%	4,106,090
St. Louis County — Transportation	1.250%	NONE
St. Louis County — Public Safety	0.500%	\$1,429,749
Various Others	0.7625%*	NONE
Maryland Heights — Parks	0.500%	\$4,163,097
Total	8.2375%	\$9,698,936

*Does not include incremental sales tax distributed to tax increment financing districts.



SALES TAX COMPARISONS

The total sales tax rate in Maryland Heights is one of the lowest of municipalities in St. Louis County. The tax rates of surrounding cities:

City	Rate
Hazelwood	9.7375%
Kirkwood	9.7375%
Des Peres	9.2375%
Olivette	9.2375%
St. Ann	8.9875%
Town and Country	8.9875%
Bridgeton	8.9875%
Creve Coeur	8.9875%
Chesterfield	8.7375%
Maryland Heights	8.2375%

Note: The City of Maryland Heights does not levy a property tax.

UTILITY TAX

The City levies a 5.5% gross receipts tax on utilities doing business within its boundaries. This tax is passed onto customers by the utility company and remitted to the City each subsequent month. The majority of this tax, 80%, is generated by commercial properties.

GAMING TAX

Casino gaming arrived in Maryland Heights in March of 1997 and immediately became a major source of tax revenue to fund the City’s governmental activities and infrastructure improvements. The City as a “host city” as defined by Missouri law, receives a tax of \$1 per casino admission and 2.1% of net gaming receipts. The City’s share of the taxes peaked at over \$17 million in 2000 but has steadily decreased as more casinos have entered the St. Louis market. In 2020 the casino was closed from March 17 to June 16 due to COVID-19 concerns. Upon reopening, the activities were subject to strict restraints imposed by health officials. Consequently, gaming taxes were \$5,704,191 in 2020, down 43% from 2019.

GAMING TAXES (2012-2020)

(in millions of dollars)



2020 IN REVIEW

CAPITAL PROJECTS

The City's capital improvement plan (CIP) for the next five years (2021 to 2025) projects investment in infrastructure improvements, major equipment, and facilities of about \$20.6M. Given the impacts on revenues due to the pandemic, the vast majority of capital projects planned for 2020 were deferred to future years. The only significant capital improvement project in 2020 was renovations to the city's water park, Aquaport of \$5 million.

CREDIT RATING

Due to strong reliance on revenue sources impacted by the pandemic and uncertainties on the financial viability of the Community Ice Center, S&P Global downgraded the City's issuer credit rating to BBB+. With an optimistic view of the post pandemic economy and the opportunity to operate at full capacity, the City is confident that the rating will be reviewed and restored to a higher level.

ECONOMIC DEVELOPMENT

Development in Maryland Heights continued throughout 2020, despite the COVID-19 pandemic. The Centene Community Ice Center was completed, including St. Louis Music Park, an outdoor rink that transitions into a multi-purpose venue for concerts, festivals and other large, outdoor events. Beck Flavors, a long-term Maryland Heights business, purchased additional property to expand their manufacturing operations. Several large property acquisitions occurred during 2020, which will kick start industrial developments. Several residential developments such as The Flats at Dorsett Ridge and the Rose Meadow Subdivision also continued throughout the year creating more housing options within the city.

OTHER EXCITING DEVELOPMENTS

The Maryland Heights Fire District is currently undergoing major renovations to their Fire Station #1. Aquaport, the City's water park, had not seen major renovations or changes since the addition of a feature in 2006. The project broke ground in early 2020 and while delays were experienced due to COVID-19 related issues, the construction wrapped up during 2021. Renovations included a surfing simulator, updated restrooms, concessions, office and admission spaces, a new filtration system and updated children's area.

Also in 2020, the City was the recipient of a grant to develop a community interpretive and sustainability campus on a five acre site. This property will be the future home to greenhouses, community gardens, and a classroom space to teach visitors about the importance of sustainability, renewable resources, recycling and much more. These developments will truly enhance the quality of life not only for Maryland Heights residents but visitors to the region.

ECONOMIC DIVERSITY

Maryland Heights is a suburban community located in northwest St. Louis County, Missouri with a diverse economic base represented by a mixture of many industries, numerous commercial enterprises, office buildings, and support services. The travel and hospitality industry has a major impact on the City's economy and service demands. Many firms have located in the city, creating a healthy mixture of commerce. Prominent names include Edward Jones, Charter Communications, Magellan Behavioral Health, Watlow Electric, World Wide Technologies, and United Healthcare of the Midwest.

The City's economy is also bolstered by a strong presence of hospitality, entertainment and recreation uses. Maryland Heights is home to nearly 4,000 hotel rooms, Hollywood Casino, Creve Coeur Park, Hollywood Casino Amphitheatre, the Westport Plaza entertainment complex and numerous restaurants and several other entertainment venues. The Centene Community Ice Center and St. Louis Music Park will assist in bringing visitors to the area.

MAYOR AND CITY COUNCIL

(as of June 30, 2021)



Mayor
Mike Moeller
(314) 878-6730

WARD 1



Julia Bietsch
(573) 330-0415



Susan Taylor
(314) 484-7627

WARD 2



Kim Baker
(314) 275-4954



Howard Abrams
(314) 432-0814

WARD 3



Chuck Caverly
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Nancy Medvick
Pres. Pro Tem
(314) 703-8987

WARD 4



Steve Borgmann
(314) 393-9448



Norm Rhea
(314) 739-0096

COMMUNITY PROFILE

Maryland Heights, Missouri

QUICK FACTS

27,472 RESIDENTS

- 14.7% of residents are age 65 or over
- 50.4% of residents are female
- 49.6% of residents are male
- 18.3% of residents are foreign-born

HOUSEHOLDS 13,092

- Median Household Income: \$63,594
- Per Capita Income: \$29,587
- Median Value of Owner Occupied Housing: \$156,900

EST. 1985 GOVERNMENT

- Incorporation Date: May 9, 1985
- Structure: Mayor/Council/City Administrator
- Area: 23.42 square miles
- Number of Employees (Full-Time): 200
- Number of Police Officers: 81
- Miles of Streets Maintained: 97.12
- Number of Street Lights: 1,961
- Issuer Credit Rating (S&P): BBB+

BUSINESSES 2,037

- Employment Hub of 45,000 jobs
- Unemployment Rate: 5.5%
- Top 5 Largest Employers
 - Edward Jones: 1,874
 - Charter Communications: 1,805
 - World Wide Technology: 1,432
 - Magellan Health Services: 1,350
 - Hollywood Casino: 1,256