



POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2021

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 2021 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 an Annual Comprehensive Financial Report (ACFR) that provides detailed information about the City's financial position. The ACFR is prepared in conformance with the Generally Accepted Accounting Principles (GAAP), provides detailed information, and includes an audit report from an independent firm of licensed certified public accountants. To view the ACFR in its entirety, please visit www.marylandheights.com/2021ACFR or the Government Center. The PAFR is not a substitute for the ACFR.

The information contained herein is taken from the City's Annual Comprehensive 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, 2020. 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, 2020

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 2021 financial results of the City of Maryland Heights for general government purposes were as follows (in thousands):

All Funds — Governmental

Revenues	\$ 36,218,317
Transfer to Community Ice Center	(800,000)
Expenditures:	<u>(34,483,429)</u>
Difference:	\$ 934,888
Fund Balances - beginning 2020	<u>39,786,323</u>
Fund Balances - at the end 2021	<u><u>\$ 40,721,211</u></u>

On pages 4-6, we provide a details of governmental activities.

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	\$ 6,233,078
Expenses	(5,931,099)
Transfer in	800,000
Sale of Capital Assets	500,000
Change in Net Position	<u>\$ 1,601,979</u>
Net position at end of 2020	<u>19,207,424</u>
Net position at end of 2021	<u><u>20,809,403</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 increased 15.9 percent (\$4.7 million) in 2021 from 2020.

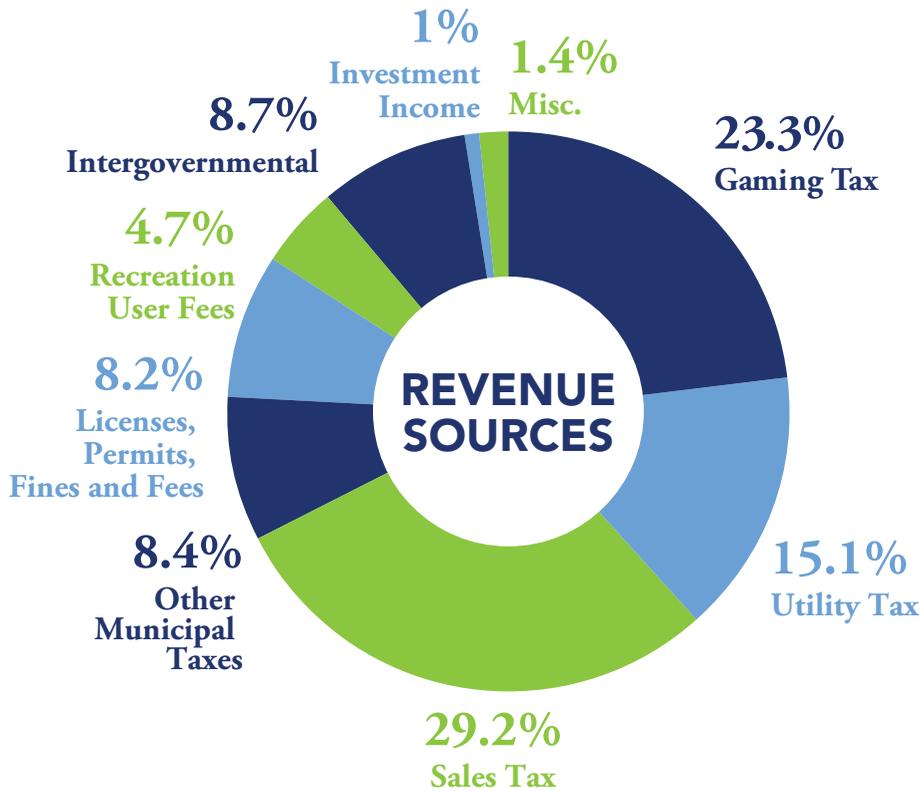
The COVID-19 coronavirus had a major impact on 2020 City revenues and in 2021 the City experienced a rebound from the loss of revenue that occurred in 2020. The following revenues increased a combined total of \$4.7 million compared to 2020:

- Gaming taxes increased by \$2.3 million, an increase of 41.4%
- Sales taxes increased by \$393,000, an increase of 4.1%
- Recreation user fees were up by \$879,000, an increase of 118.9%
- Utility gross receipts taxes increased by \$206,000, an increase of 4.1%
- Business licenses, permits, and court fees and fines increased by \$425,000, an increase of 17.5%
- Intergovernmental revenue and other municipal taxes consisting of Tourism taxes, Road and Bridge taxes, Gasoline tax, and other taxes collected by the state and county increased by \$530,000 or approximately 10%

In 2021 the City received approximately \$2.7 million in American Rescue Plan Act funds from the federal government to help with loss of revenue from the pandemic.

WHERE DOES THE MONEY COME FROM?

<i>In Thousands of Dollars</i>	2019	2020	2021
Gaming Tax	\$9,983	\$5,704	\$8,067
Sales Tax	11,246	9,716	10,110
Utility Tax	5,538	5,021	5,228
Intergovernmental	488	2,687	3,013
Licenses, Permits, Fines, Fees	2,839	2,423	2,848
Other Municipal Taxes	2,981	2,686	2,890
Recreation User Fees	2,158	740	1,620
Miscellaneous	112	160	490
Investment Income	1,369	688	303
Total Revenue	\$36,714	\$29,826	\$34,569



GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

EXPENDITURES

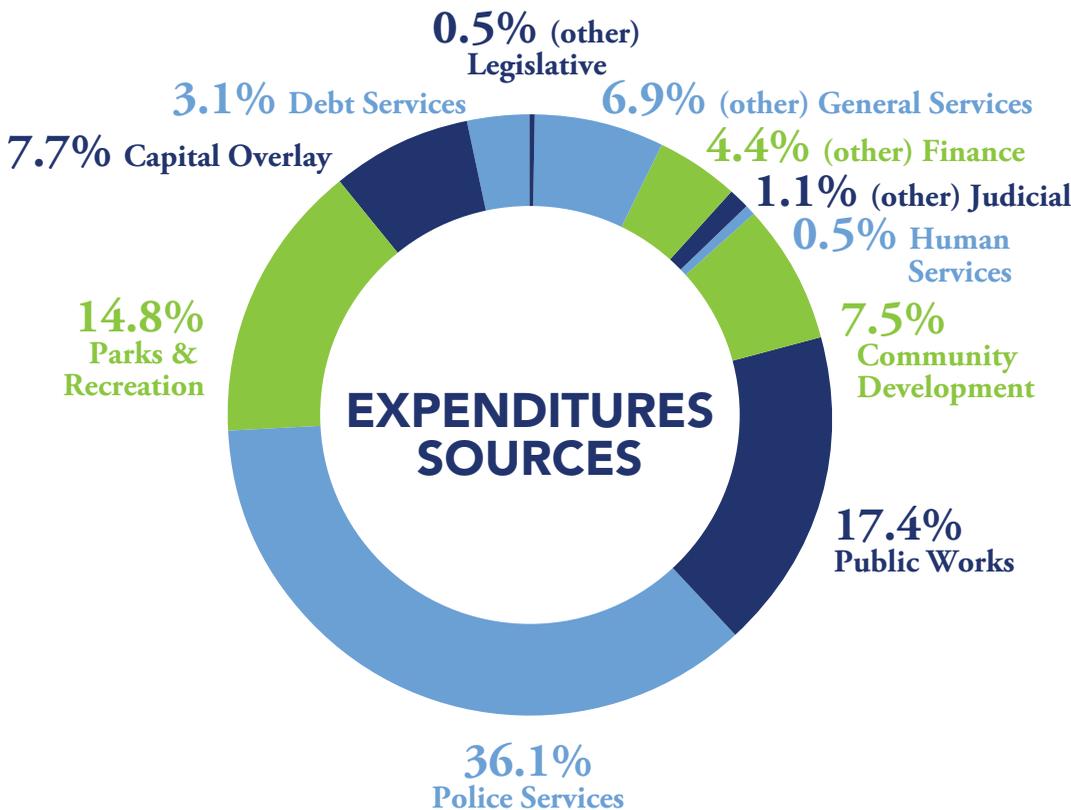
Total expenditures decreased \$5.1 million or 14% in 2021 from 2020, primarily the result of higher capital outlay in 2020 compared to 2021. Notably, in 2020 the City expended \$5 million on renovations to the City's water park, Aquaport.

Operating expenditures increased by \$650,000 (2.3%) in 2021 primarily due to the market adjustments in salaries in 2021 to offset the impact of a salary freeze in 2020 and 2021 due to the uncertainty and loss in revenue related to the pandemic.



WHERE DOES THE MONEY GO?

<i>In Thousands of Dollars</i>	2019	2020	2021
Legislative	\$180	\$146	\$162
General Services	2,238	2,357	2,196
Finance	1,386	1,468	1,418
Judicial	348	349	347
Human Services	194	183	175
Community Development	2,210	2,352	2,412
Public Works	5,845	5,616	5,578
Police Services	11,019	11,331	11,534
Parks & Recreation	5,135	4,087	4,718
Total Operating	28,555	27,889	28,540
Debt Service	975	977	979
Capital Outlay	5,758	8,304	2,464
Total Expenditure	\$35,288	\$37,170	\$31,983



GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

FUND BALANCES AT DEC. 31, 2021

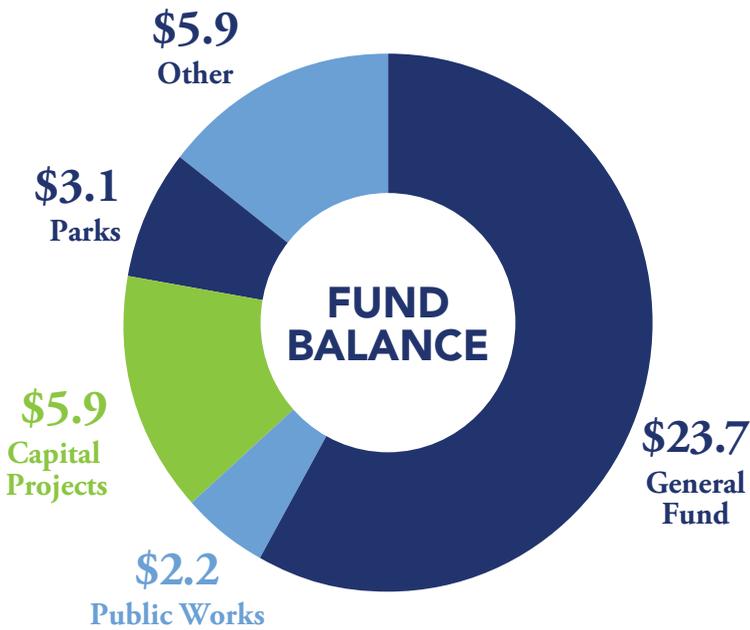
Funds totaling \$40,955,312 were available at year-end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

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.

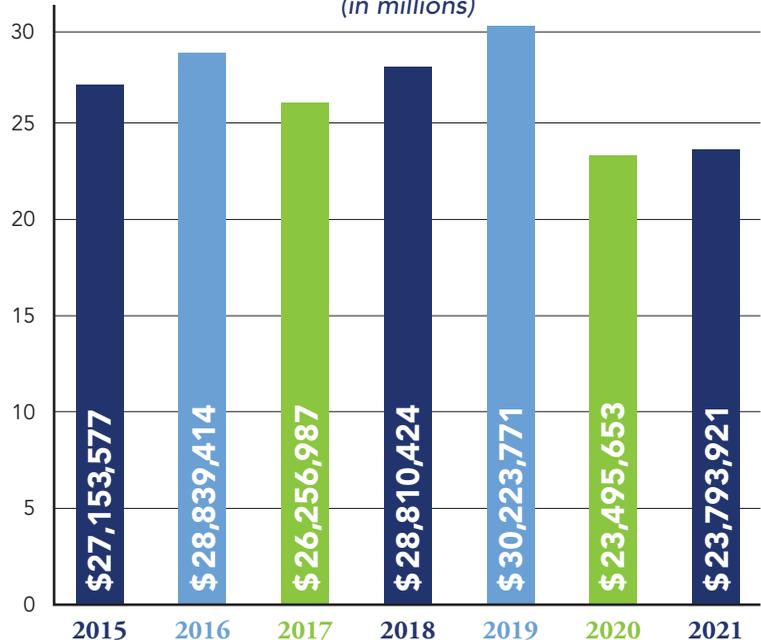
The unassigned fund balance of the General Fund at the end of the year represents funds available that the city can use for any of its purposes. The City’s goal is to maintain an unassigned General Fund balance equal to 75% of annual General Fund expenditures (\$18 million). At the end of 2021, this balance was \$23.7 million.

The unassigned General Fund balance increased by approximately \$300,000 in 2021.



UNASSIGNED GENERAL FUND BALANCE

(in millions)



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 2021 the total principal outstanding was \$11,215,000.

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
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	\$11,215,000	\$2,457,695	\$13,672,695

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 2021	Westport Plaza	Dorsett	Total
Revenues	\$ 1,365,922	\$ 281,413	\$ 1,647,335
Expenditures	2,002,221	498,718	2,500,939
Difference	(636,299)	(217,305)	(853,604)
Sale of Property	0	0	0
Bonds Issued	0	0	0
Notes Refunded	0	0	0
Change	(636,299)	(217,305)	(853,604)
Balance, January 1	3,041,332	485,461	3,526,793
Balance, December 31	\$ 2,405,033	\$ 268,156	\$ 2,673,189

TIF DISTRICT OUTSTANDING DEBT

	Westport Plaza	Dorsett	Total
December 31, 2021	\$ 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.



Senior Luncheon at the Community Center

Westport Plaza's lake and complex



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.

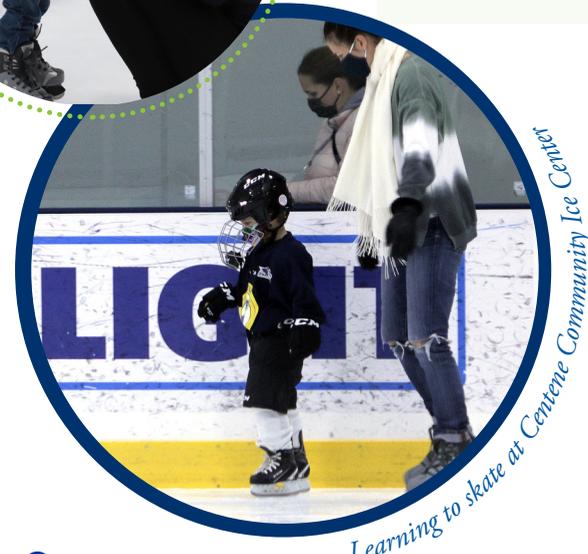
In 2021, revenues from leases, sponsorships and programs totaled \$5.3 million. Additionally, a grant from the St. Louis County Port Authority and contributions from a special taxing district provided \$831,757. Expenses for operating, debt service and depreciation amounted to \$5,931,099. A transfer of \$175,000 from the City’s Park Fund pursuant to a financing agreement and transfers totaling \$625,000 from the City’s General Fund also provided funds for the Ice Center. The net position at December 31, 2021 was \$20,809,403.

COMMUNITY ICE CENTER FUND

Revenues and Contributions	2020	2021
Operating Revenues	\$3,946,862	\$5,295,918
Contributions from Legacy Ice Foundation		
Contributions from Community Improvement District	93,166	331,757
Grant Revenue—St. Louis County Port Authority	500,000	500,000
Investment Income	58,079	2,597
Total Revenues	\$4,598,107	6,233,078
Transfer from Governmental Funds	6,411,450	800,000
Total Revenues, Contributions and Transfers-In	11,009,557	7,533,078
Expenses		
Operating Expenses	\$6,520,798	\$3,236,998
Trustee Fees	5,874	3,710
Interest Expense	2,705,966	2,690,391
Total Expenses	\$9,232,638	5,931,099
Increase/Decrease in Net Position	1,776,919	1,601,979
Net Position January 1	17,430,505	19,207,424
Net Position December 31	19,207,424	20,809,403

COMMUNITY ICE CENTER DEBT SCHEDULE

Year	Principal	Interest	Total
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	\$54,205,000	\$47,848,091	\$102,053,091



SALES TAX RATES IN MARYLAND HEIGHTS

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

Levying Jurisdiction	Rate	Maryland Heights 2021 Share*
State of Missouri	4.225%	NONE
St. Louis County — General	1.000%	4,204,410
St. Louis County — Transportation	1.250%	NONE
St. Louis County — Public Safety	0.500%	\$1,565,023
Various Others	0.7625%*	NONE
Maryland Heights — Parks	0.500%	\$4,321,600
Total	8.2375%	\$10,091,033

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



Westglen Estates trail bridge

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.



Surfing on the FlowRider at Aquaport

Officer with a young resident



Maryland Heights Fire District gives a fire truck tour

Staff and volunteers assist with yard cleanup



Swimming inside the Indoor Aquatic Center

UTILITY TAX

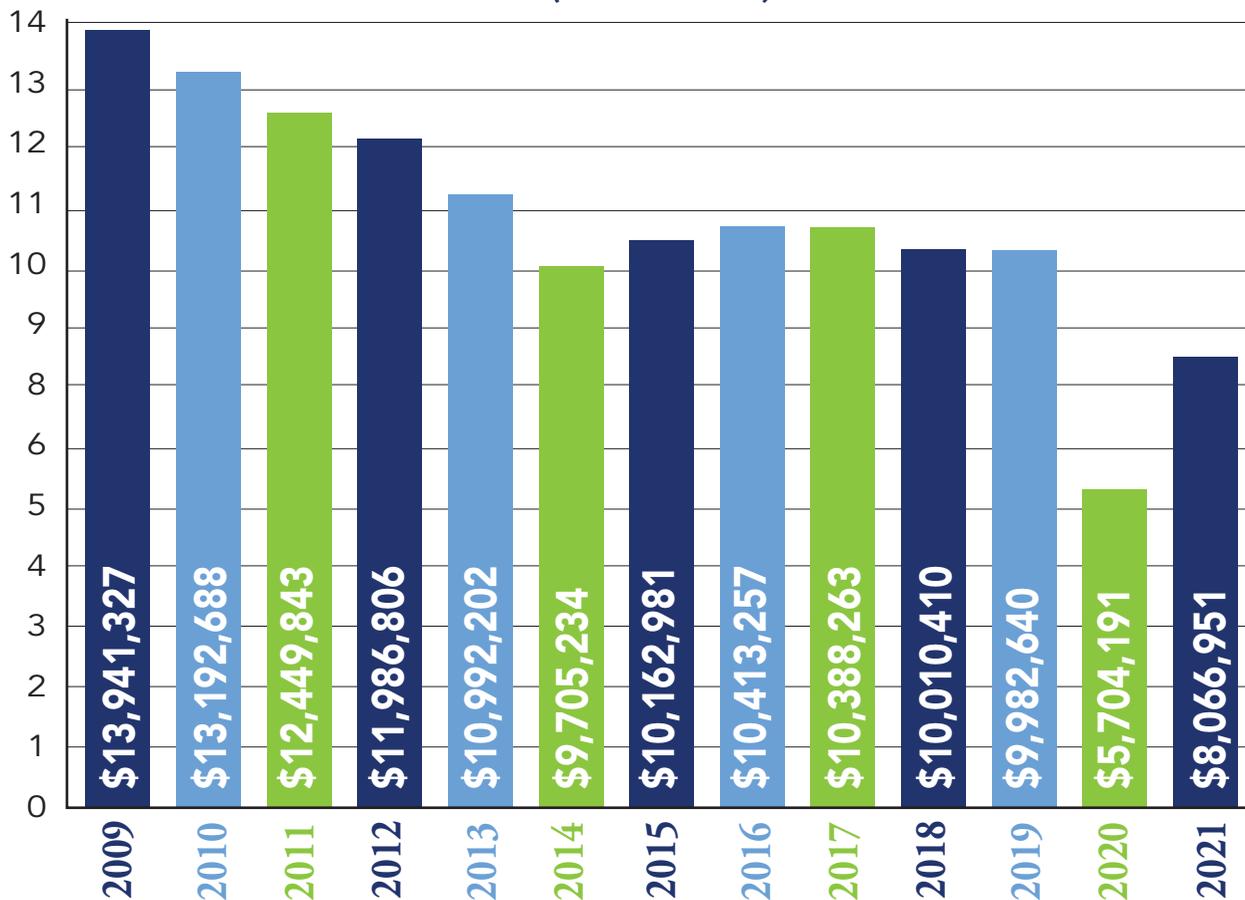
The City levies a 5.5% gross receipts tax on utilities doing business within its boundaries. This tax is passed onto customers by the utility company and remitted to the City each subsequent month. The majority of this tax, 80%, is generated by commercial properties.

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 and gaming taxes declined sharply, by 43% compared to 2019. In 2021, gaming taxes rose significantly compared to 2020 receipts, however, were still below the pre-pandemic level in 2019. Gaming taxes in 2021 were up by 41% or \$2,362,760 compared to 2020



GAMING TAXES
(in millions)



2020 IN REVIEW

CAPITAL PROJECTS

The City's capital improvement plan (CIP) for the next five years (2022 to 2026) projects investment in infrastructure improvements, major equipment, and facilities of about \$16.7M. A major project completed in 2022 was the construction of new sidewalks along Glengrove Drive and Glenridge Drive.

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 2021 despite the many industry delays and concerns caused by the COVID-19 pandemic. Safety National completed their multi-million dollar expansion of its headquarters campus in Maryland Heights, allowing them room to grow significantly over the next few years. Golden Oak Lending, a long established Maryland Heights business finished construction on their new building in the Westport district. NorthPoint Development broke ground on the Riverport Trade Center development along with several other industrial developments in the Maryland Park Lake District by KBG, INC and TriStar Properties, to name a few. Several residential developments concluded while others continue construction bringing more residential growth to the city.

OTHER EXCITING DEVELOPMENTS

In 2021, the City and its project partners began work on the long anticipated Interpretive and Sustainability Center grounds. The city received an additional grant for the project to construct the greenhouses, as well as the sustainable and renewable systems throughout the property. The City also partnered with Ameren Missouri to participate in their Neighborhood Solar Program. The city will host solar energy generation at the Community Center and bring renewable energy onto the grid to directly benefit the local community.

Intelica Commercial Real Estate kicked off a \$1.25 million dollar renovation of an underutilized building to house their new headquarters. This project encompassed over 23,000 square feet of space. An established small city business, Tony's Donuts, began renovations to a building they purchased in 2020 to open their second location in Maryland Heights.

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



James Surgeon
(314) 704-2957



Susan Taylor
(314) 484-7627

WARD 2



Kim Baker
(314) 275-4954



Howard Abrams
(314) 432-0814

WARD 3



Chuck Caverly
(314) 566-0424



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

28,284 RESIDENTS

- 13.6% of residents are age 65 or over
- 51.7% of residents are female
- 49.6% of residents are male
- 20.9% of residents are foreign-born

HOUSEHOLDS 11,980

- Median Household Income: \$69,973
- Per Capita Income: \$37,854
- Median Value of Owner Occupied Housing: \$162,800

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 1,951

- Employment Hub of 45,000 jobs
- Unemployment Rate: 5.5%
- Top 5 Largest Employers
 - Edward Jones: 1,874
 - Charter Communications: 2,094
 - World Wide Technology: 1,432
 - Magellan Health Services: 1,350
 - Hollywood Casino: 559