

City of Maryland Heights, Missouri



Comprehensive Annual Financial Report

For The Year Ended December 31, 2018

CITY OF MARYLAND HEIGHTS, MISSOURI

Comprehensive Annual Financial Report For The Fiscal Year Ended December 31, 2018

Prepared by:
Finance Department
David V. Watson, Director of Finance

CITY OF MARYLAND HEIGHTS, MISSOURI
FINANCIAL REPORT

	Page
SECTION I - INTRODUCTORY SECTION	
Principal Officials	ii
Organizational Chart	iii
Certificate of Achievement	iv
Letter of Transmittal	v
SECTION II - FINANCIAL SECTION	
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Enterprise Fund	23
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund	24
Statement of Cash flows - Enterprise Fund	25
Statement of Fiduciary Net Position - Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	27
Notes to Financial Statements	28
Required Supplemental Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	56
Major Special Revenue Fund - Special Park Fund	59
Budgetary Basis of Accounting	60
Budgetary Data	61
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	62
Schedule of Pension Contributions	63
Schedule of Changes in Net OPEB Liability and Related Ratios	64
Schedule of OPEB Contributions and Investment Returns	65
Other Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Funds	70
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Funds	72
Major Governmental Funds - Budgetary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Improvements Fund	77
Fiduciary Fund Types:	
Statement of Changes in Assets and Liabilities - Agency Fund	79

CITY OF MARYLAND HEIGHTS, MISSOURI
FINANCIAL REPORT

	Page
SECTION III - STATISTICAL SECTION	
Net Position by Component	82
Change in Net Position	83
Fund Balances of Governmental Funds	84
Changes in Fund Balances of Governmental Funds	85
Tax Revenues by Source, Governmental Funds	86
Gross Receipts Tax on Utilities - Rates, Direct and Overlapping	87
Principal Taxpayers - Gross Receipts Tax on Utilities	88
Sales Tax Rates, Direct and Overlapping	89
Taxable Sales Generated by Industry	90
Gaming Tax Revenues	91
Ratios of Outstanding Debt by Type	92
Legal Debt Margin Information	93
Computation of Direct and Overlapping Debt	94
Pledged Revenue Coverage	95
Demographic and Economic Statistics	96
Principal Employers	97
Full-time Equivalent City Government Employees by Functions/Programs	98
Capital Asset Statistics by Functions/Programs	99
Operating Indicators by Functions/Programs	100

CITY OF MARYLAND HEIGHTS, MISSOURI
INTRODUCTORY

SECTION I - INTRODUCTORY SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2018

MAYOR

G. Michael Moeller

CITY COUNCIL

David Grant

Gavin Park

Kimberly Baker

Edwin L. Dirck, Jr.

Charles Caverly

Nancy Medvick

Steve Borgmann

Norman A. Rhea

CITY ADMINISTRATOR

Jim Krischke

CITY CLERK

Joann Cova

CHIEF OF POLICE

William Carson

DIRECTOR OF PUBLIC WORKS

Cliff Baber

DIRECTOR OF FINANCE

David V. Watson

DIRECTOR OF COMMUNITY DEVELOPMENT

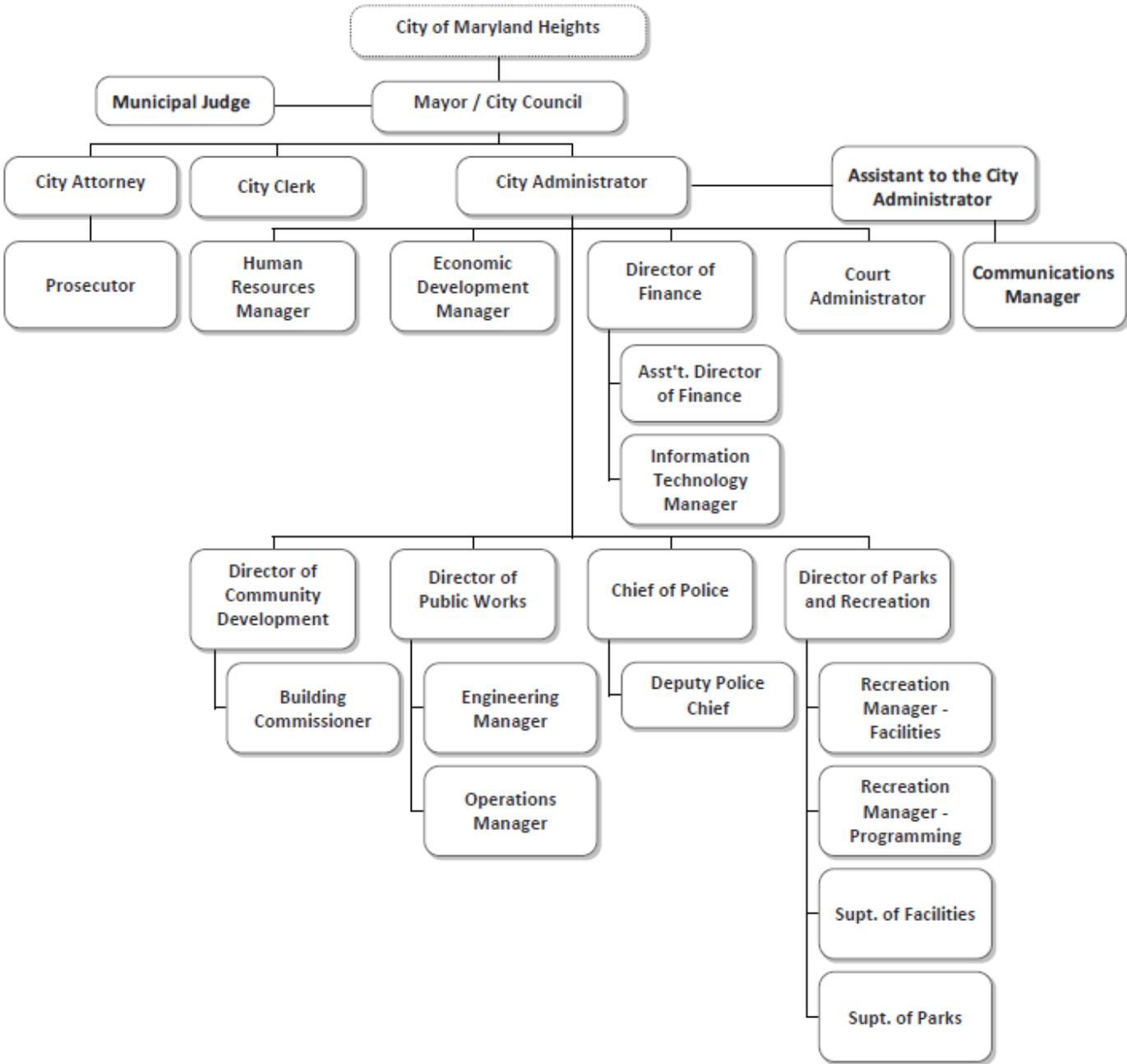
Michael Zeek

DIRECTOR OF PARKS AND RECREATION

Tracey Anderson

CITY OF MARYLAND HEIGHTS, MISSOURI

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Maryland Heights
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

11911 Dorsett Road
Maryland Heights, MO 63043-2597
t: 314.291.6550 f: 314.291.7457

www.marylandheights.com

City of
MARYLAND HEIGHTS



June 7, 2019

To the Citizens of the
City of Maryland Heights:

Pursuant to City policy and in conformance with state law, the Comprehensive Annual Financial Report (CAFR) of the City of Maryland Heights, Missouri (the City), for the fiscal year ending December 31, 2018, is hereby transmitted. This report was prepared in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by an independent firm of licensed certified public accountants.

This report is the City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformance with GAAP. This internal control structure is designed to provide a reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Hochschild, Bloom & Company LLP, a firm of licensed certified public accountants. The goal of this independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended December 31, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A, prepared by the City's Finance Department, can be found immediately following the independent auditor's report. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

Profile of the City

The City is located approximately 20 miles northwest of downtown St. Louis, Missouri. The City covers about 23.4 square miles and serves a population of 27,484 residents occupying approximately 13,000 housing units. The business community is quite diverse with 1,860 businesses employing 55,000 people. Also notable is the existence of over 4,000 hotel rooms, a casino, a 21,000 capacity outdoor amphitheater, and other popular nightlife activities. On a busy day, more than 130,000 people will live, shop, work, visit or stay in the City.

The City was incorporated on May 9, 1985 after citizens voted in November 1984 to incorporate the area. The City is a third-class city under Missouri law and has adopted the Mayor/Council/City Administrator form of government. The legislative body consists of eight council members and the Mayor. Council members are elected from four wards to serve two-year staggered terms, with four council members elected every year. The Mayor, elected at large to serve a four-year term, is the presiding officer of the City Council. The Mayor may only vote in the event of a tie by the City Council. The Mayor also has veto power.

The Mayor and Council are responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the City Administrator, City Clerk, City Attorney, Prosecutor, and the Municipal Court Judge. The City Administrator is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. The City Administrator is the Assistant to the Mayor and is responsible for the employment and discharge of City employees pursuant to policies adopted by the City Council.

The City provides a wide range of municipal services, including police, planning and zoning, code enforcement, public works, parks and recreation and general administration. The City defines its financial reporting entity in accordance with Government Accounting Standards Board statements. The financial statements of the City include activities of the City and all entities (component units) which are financially accountable to the City. During 2018, the City's reporting entity began including the Industrial Development Authority of the City of Maryland Heights (IDA) which was the financing entity for the St. Louis Community Ice Center.

The annual budget serves as a complete financial and operational plan for the following year. All departments of the City are required to submit requests for appropriations to the City Administrator who uses these requests as a starting point for development of a proposed budget. The Director of Finance presents to the City Administrator estimates detailing the various revenues, grants, bond proceeds and other funding sources that are anticipated. The budget is prepared by fund. It is broken down further by departments, programs or projects within the departments, then object of expenditures (i.e., personal services, contractual services, commodities, capital assets, debt service) within programs and finally, line items within the objects. After consultation with the department heads, the City Administrator presents a proposed budget to the Mayor and City Council. The Mayor and Council hold workshops and at least one public hearing prior to adopting the budget by December 31. Department heads, with the City Administrator's approval, may transfer appropriated funds within departmental programs/projects. The legal level of control of the Council extends to the program/project level. The City Administrator is authorized to move funds within a department between programs/projects up to \$12,000. The Council must authorize transfers between departments or funds or any increase in a fund's budget. Budget-to-actual comparisons for the General Fund and Major Special Revenue Funds are provided in this report on page 56 through 59 as required supplementary information. For other governmental funds that have an adopted budget, comparison schedules are found in other supplementary information beginning on page 68.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. The City 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, World Wide Technology, Magellan Behavioral Health, Hollywood Casino, and United Healthcare of the Midwest.

Commercial development activities remained strong in 2018. The year was highlighted by the commencement of construction of the St. Louis Community Ice Center, a 275,000 square foot facility featuring 4 rinks of ice. The Center will serve as the official practice home of the National Hockey League's St. Louis Blues, as well as host youth and collegiate ice hockey teams and tournaments, amateur hockey play, learn to skate, and other ice sports and recreation programs. The Westport Plaza entertainment complex continues its revitalization with tenant finishes, remodeling projects and new tenant recruitment including Kemoll's Steakhouse and a sporting goods retailer. The Ranken Jordan Pediatric Bridge Hospital completed construction of its 75,000 square foot expansion.

Riverboat gaming. A large portion (about 22% in 2018) of the City's revenues is derived from taxes levied on the gaming facility located in the Riverport area operated as Hollywood Casino owned by Penn National Gaming, Inc., which purchased the property from Caesars Entertainment Corporation (under the Harrah's brand) in 2012. The ownership and operation of a gaming riverboat in Missouri is subject to extensive regulation pursuant to state law as administered by the Missouri Gaming Commission. Near the end of 2007 a new gaming facility, Lumiere Place, opened in downtown St. Louis. In St. Louis County another casino, River City, opened in March, 2010. These facilities, both operated by Pinnacle Entertainment, have increased the competition in the marketplace thus decreasing market share of the Maryland Heights casino.

The Gaming Commission, along with the Missouri General Assembly, as it relates to legislative control of gambling, could have a major impact on the future financial condition of the City.

Relevant Financial Policies

Long-term financial planning. Each year the City updates its five-year capital improvement plan. Capital projects totaling about \$24 million are planned for the years 2019 through 2023. Historically the City has used a pay-as-you go approach to infrastructure improvements and some long-term debt issuance to finance some of the cost of buildings and park facilities. The use of sales taxes, grants and taxes from the casino have enabled the City to make capital investments and maintain a high level of services.

Use of gaming taxes. As mentioned, the use of gaming taxes to fund capital improvements to avoid long-term debt reflects the City's policy. However, with revenues historically used for operations having dropped the City will be using more gaming taxes to fund operations.

Desired fund balance level. The City's goal is to maintain a General Fund balance equal to seventy-five percent (75%) of annual General Fund expenditures. This level was achieved in 2018.

Budgetary Initiatives

In addition to ongoing efforts to provide a high level of services and to plan and fund infrastructure and facility projects, the City has made a commitment to expand leisure services beginning in 2017 with the opening of the new community center. The 92,000 square foot complex includes meeting rooms, gymnasiums, fitness center, and an indoor water park and entertainment and reception space. The aforementioned Community Ice Center, opening in the Fall of 2019 will further expand leisure activities while providing an impetus to development. Also, in late 2018, the City hired its first full-time economic development manager to increase the service and expansion of commercial activity.

Awards and Acknowledgements

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report issued for the fiscal year ended December 31, 2017. This is the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for its determination.

The GFOA also gave an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report (PAFR) issued for the fiscal year ended December 31, 2017. 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 PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended December 31, 2018. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

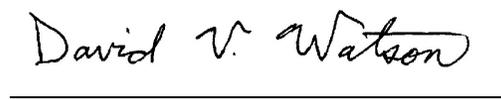
ACKNOWLEDGMENTS

This report could not have been completed without the assistance of the entire administrative staff of the various departments of the City. Special thanks go to Assistant Director of Finance Cathy Malawy for her contributions. We would also like to acknowledge our auditors, Hochschild, Bloom and Company LLP, for their help in formulating this report. Our sincere gratitude is extended to the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jim Kruschke
City Administrator



David V. Watson
Director of Finance

SECTION II - FINANCIAL SECTION



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

June 7, 2019

Honorable Mayor and Members of the City Council
CITY OF MARYLAND HEIGHTS, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF MARYLAND HEIGHTS, MISSOURI** (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such infor-

mation directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS
Chesterfield, Missouri

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

This section of the City of Maryland Heights, Missouri's (the City) Comprehensive Annual Financial Report provides management's narrative overview and analysis of the City's financial activities based on currently known facts, decisions, and conditions for the fiscal year ended December 31, 2018. We encourage readers to consider the information here in conjunction with additional information that we furnished in our letter of transmittal, which can be found on pages v through ix of this report.

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities and deferred amounts for the most recent fiscal year by \$199,033,724 ("net position"). Of this amount, \$33,834,801 may be used to meet the City's ongoing obligations to citizens and creditors. (See description below "government-wide statements".)
- In 2018 the City's total net position increased by \$2,509,062. The City established a new enterprise fund, Community Ice Center, to account for the construction and operation of a new facility that will consist primarily of ice hockey programs. The activities of the new fund resulted in an increase from business-type activities in the City's net position before transfers by \$13,684,111. The governmental activities in 2018 resulted in a decrease in net position before transfers of \$11,175,049 due to the issuance of \$19.2 million in tax increment financing notes with no offsetting assets.
- As of the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$52,873,590, an increase of \$544,464 in comparison with the prior year. The amount of unassigned fund balances available for future spending was \$28,810,424 or 54% of the total. (See description on following pages, "fund financial statements".)
- At the end of 2018, unassigned fund balance for the General Fund was \$28,810,424 or 122% of total General Fund expenditures for the year. This represents an increase of \$2,553,437 from 2017. Total General Fund balance increased from \$26,754,722 to \$29,444,223 due to revenues exceeding expenditures.
- The City's major source of revenue - gaming taxes (taxes on casino gambling) - totaled \$10,010,410 in 2018 or 22% of governmental fund total revenues. This represents a decrease of 3.6% from 2017.
- In 2018 construction began on the St. Louis Community Ice Center, a new 275,000 square foot facility that will open in September of 2019 and feature three indoor and one outdoor hockey rinks. Revenue bonds totaling \$55.55 million were issued through the Industrial Development Authority of the City of Maryland Heights to finance the construction.
- In addition to the debt for the ice arena, in 2018 the City issued \$19.5 million in tax increment financing notes to provide funding of certain improvements in the Westport Redevelopment area. Incremental taxes will provide for the repayment of the notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

This report also contains required supplemental information and other supplemental information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. Note that the government-wide financial statements exclude fiduciary fund activities.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general administration, finance and accounting, community development, public works, police services, judicial, parks and recreation, and human services. The business-type activity of the City includes the Community Ice Center Fund.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund Financial Statements

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

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

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

The City maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for three major funds: General Fund, Special Park Fund, and Capital Improvements Fund. Data from the other governmental funds

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

are combined into a single, aggregated presentation called "nonmajor governmental funds". Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the other supplemental information section in this report.

The governmental funds financial statements can be found on pages 19 through 22 of this report.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Community Ice Center. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The statement of fiduciary net position can be found on pages 26 and 27 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 28 through 54 of this report.

Required supplemental information. In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 56 through 65 of this report.

Other supplemental information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 68 through 79 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$199,033,724 at the close of the most recent fiscal year ended December 31, 2018.

By far the largest portion of the City's net position (78%) reflects its investment in capital assets (e.g.; land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Also, in general, resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net position is as follows:

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

	Governmental		December 31		Totals	
	Activities		Business-type			
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 58,632,246	56,959,165	64,448,032	-	123,080,278	56,959,165
Capital assets, net	156,748,053	159,400,382	14,557,733	-	171,305,786	159,400,382
Total Assets	<u>215,380,299</u>	<u>216,359,547</u>	<u>79,005,765</u>	<u>-</u>	<u>294,386,064</u>	<u>216,359,547</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,751,446</u>	<u>3,138,108</u>	<u>-</u>	<u>-</u>	<u>2,751,446</u>	<u>3,138,108</u>
LIABILITIES						
Long-term liabilities	33,788,476	19,838,227	55,753,482	-	89,541,958	19,838,227
Other liabilities	2,133,237	2,597,694	3,693,532	-	5,826,769	2,597,694
Total Liabilities	<u>35,921,713</u>	<u>22,435,921</u>	<u>59,447,014</u>	<u>-</u>	<u>95,368,727</u>	<u>22,435,921</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,735,059</u>	<u>1,714,347</u>	<u>-</u>	<u>-</u>	<u>2,735,059</u>	<u>1,714,347</u>
NET POSITION						
Net investment in capital assets	143,495,136	145,517,057	11,790,962	-	155,286,098	145,517,057
Restricted	6,370,343	3,815,354	3,542,482	-	9,912,825	3,815,354
Unrestricted	<u>29,609,494</u>	<u>46,014,976</u>	<u>4,225,307</u>	<u>-</u>	<u>33,834,801</u>	<u>46,014,976</u>
Total Net Position	<u>\$ 179,474,973</u>	<u>195,347,387</u>	<u>19,558,751</u>	<u>-</u>	<u>199,033,724</u>	<u>195,347,387</u>

An additional portion of the City's net position (5%) represents restricted assets, resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$33,834,801) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the 2018 fiscal year, the City is able to report positive fund balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall the City's net position increased \$2,509,062 from 2017. Key elements of the change are as follows:

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

For The Years Ended December 31

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues:						
Charges for services	\$ 5,036,745	4,721,659	-	-	5,036,745	4,721,659
Operating grants and contributions	2,860,670	2,201,262	-	-	2,860,670	2,201,262
Capital grants and contributions	905,084	5,481,297	16,074,640	-	16,979,724	5,481,297
General revenues:						
Gaming tax	10,010,410	10,388,263	-	-	10,010,410	10,388,263
Sales tax	11,499,252	9,872,492	-	-	11,499,252	9,872,492
Utility tax	6,098,184	6,116,132	-	-	6,098,184	6,116,132
Property tax from tax increment financing	4,938,356	3,150,603	-	-	4,938,356	3,150,603
Other taxes	431,886	407,102	-	-	431,886	407,102
Licenses and permits	959,270	964,184	-	-	959,270	964,184
Investment earnings	873,191	529,029	541,056	-	1,414,247	529,029
Other	1,450,840	324,878	-	-	1,450,840	324,878
Total Revenues	<u>45,063,888</u>	<u>44,156,901</u>	<u>16,615,696</u>	<u>-</u>	<u>61,679,584</u>	<u>44,156,901</u>
EXPENSES						
Legislative	148,419	160,774	-	-	148,419	160,774
General administration	2,705,950	2,685,671	-	-	2,705,950	2,685,671
Finance and accounting	1,499,165	1,349,977	-	-	1,499,165	1,349,977
Community development	21,439,615	2,278,066	-	-	21,439,615	2,278,066
Public works	11,093,581	10,140,858	-	-	11,093,581	10,140,858
Police services	11,415,708	10,760,469	-	-	11,415,708	10,760,469
Judicial	332,493	324,429	-	-	332,493	324,429
Parks and recreation services	6,679,046	5,757,671	-	-	6,679,046	5,757,671
Human services	217,161	210,219	-	-	217,161	210,219
Community Ice Center	-	-	2,931,585	-	2,931,585	-
Interest on long-term debt	707,799	825,972	-	-	707,799	825,972
Total Expenses	<u>56,238,937</u>	<u>34,494,106</u>	<u>2,931,585</u>	<u>-</u>	<u>59,170,522</u>	<u>34,494,106</u>
EXCESS BEFORE TRANSFERS	(11,175,049)	9,662,795	13,684,111	-	2,509,062	9,662,795
TRANSFERS	<u>(5,874,640)</u>	<u>-</u>	<u>5,874,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(17,049,689)</u>	<u>9,662,795</u>	<u>19,558,751</u>	<u>-</u>	<u>2,509,062</u>	<u>9,662,795</u>
NET POSITION, JANUARY 1	195,347,387	185,684,592	-	-	195,347,387	185,684,592
RESTATEMENT	<u>1,177,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,177,275</u>	<u>-</u>
NET POSITION, AS RE- STATED	<u>196,524,662</u>	<u>185,684,592</u>	<u>-</u>	<u>-</u>	<u>196,524,662</u>	<u>185,684,592</u>
NET POSITION, DECEMBER 31	<u>\$ 179,474,973</u>	<u>195,347,387</u>	<u>19,558,751</u>	<u>-</u>	<u>199,033,724</u>	<u>195,347,387</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

SIGNIFICANT CHANGES IN FUND NET POSITION

In 2018 the City's total net position increased by \$2,509,062. The City established a new Enterprise Fund, Community Ice Center Fund, to account for the construction and operation of a new facility that will consist primarily of ice hockey programs. The activities of the new fund resulted in an increase from business-type activities in the City's net position by \$13,684,111. (A transfer from the City's Capital Improvement Fund to the Enterprise Fund of \$5,874,640 results in a decrease in net position of the governmental activities with a corresponding increase in the business-type activities.)

Governmental activities. The governmental activities in 2018 resulted in a decrease in net position of \$17,049,689 primarily due to reimbursements to developers (via issuance of tax increment financing notes) of \$19.2 million for costs related to the redevelopment of Westport Plaza and a transfer of \$5.8 million from the General Fund to the Community Ice Center Fund, a new enterprise fund. Therefore, net position would have otherwise increased \$8 million.

Revenues increased \$906,987 (2.0%) in 2018 compared to 2017. A large decrease (\$4.6m) in capital grants related to infrastructure projects was offset by significant increases from the following sources:

- Sales tax (up 16.5%) including the first full year of public safety sales tax which comprised \$1.3m of the \$1.6m increase from 2017.
- Property tax from tax increment financing activities increased \$1.8m (56.7%) primarily from the Westport Redevelopment area.
- Other revenue increased \$1.1m attributed to a one-time contribution from a developer to retire the remaining outstanding debt in the South Heights Tax Increment Financing area.
- Operating grants and contributions increased 30% primarily from the large payment (\$500k) received from the U.S. Treasury under the Asset Forfeiture program.

Expenses were \$21,744,831 higher in 2018 compared to 2017, however, a large portion, \$19.2 million, of the increase is attributable to the one-time cost (incurred in the community development function) associated with the Westport Plaza redevelopment area. Otherwise, expenses for 2018 were \$2.5 million (7.4%) higher than 2017. Notably, public works expenses were up \$953k (9.4%) attributed to infrastructure maintenance costs, police services were \$655k (6.1%) and parks and recreation services were 16% (\$921k) higher due to the first full year of operation of a new community center.

Business-type Activities. As previously noted, 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 multipurpose facility. Construction began in 2018; the project will open in the fall of 2019 and feature three indoor and one outdoor regulation hockey rinks. 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.

At the end of 2018, the net position of business activities (Community Ice Center) was \$19,558,751 as a result of the first year activities. Debt issuance, contributions from the St. Louis Legacy Ice Foundation of \$15.5 million, a grant of \$500,000 and a transfer from the City's Capital Improvement Fund of \$5,874,640 provided the funds. In 2018, non-operating revenue consisted of investment income and nonoperating expense was comprised of interest expense.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2018, the City's governmental funds reported combined ending fund balances of \$52,873,590, an increase of \$544,464 from 2017. Included in the increase is a transfer to the Enterprise Fund (Community Ice Center Fund) in 2018 of \$5,874,640. Thus, the governmental funds otherwise increased \$6.3 million as explained below.

Over 50% of the total governmental fund balances (\$28,810,424) at December 31, 2018 constitute *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance consists of nonspendable funds of \$503,664, restricted balances of \$6,368,199, committed balances of \$17,162,287, and assigned balances of \$29,016.

The nonspendable funds represent prepaid expenditures existing at December 31, 2018.

The restricted funds are comprised of resources that have enforceable limitations on their use that include debt service (\$21,119), police services (\$582,708), storm water projects and services (\$478,947), police officer training (\$35,198), sewer lateral (\$673,063), beautification (\$35,649), tourism (\$51,799) and tax increment financing (\$4,489,716).

The committed funds are those that the City Council, through formal action, has imposed constraints on their use and consist of parks and recreation (\$6,525,820), capital improvements (\$8,494,843), street lighting (\$2,040,505) and funds committed for specific supplies, services, and other current expenditures (\$101,119).

The assigned balance consists of funds that the City intends to use for specific supplies, services, and other current expenditures (\$29,016) as determined by the City Administrator or department directors pursuant to the City's purchasing regulations.

The City accumulated a large balance in the General Fund to secure services without disruption in the event of economic downturns or natural disaster and minimize external borrowing. The uncertainty of the flow of gaming taxes has been an influence on the City's conservative approach to maintaining a healthy fund balance.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 122% of the total General Fund's expenditures. The General Fund's total balance represents 125% of 2018 expenditures.

Changes in fund balances for other major governmental funds are described as follows:

- In 2018, the Special Park Fund increased \$946,836, due to revenues exceeding expenditures by \$2,031,836 less a transfer to the Community Center Debt Service Fund of \$985,000 (represents the 2018 debt service due on the bonds issued in January, 2015) and a transfer to the General Fund of \$100,000. Revenues in the fund are comprised of a sales tax restricted for parks, user fees, and grants.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

- The Capital Improvements Fund decreased \$5,014,513 in 2018 due to a transfer of \$5,874,640 to the Community Ice Center Fund, a new Enterprise Fund. The transfer offset revenues exceeding expenditures by \$22,688 plus a transfer from the Community Center Construction Fund of \$837,439 (the balance remaining in the fund after completion of the project). Revenues in the fund consist primarily of a portion (30%) of the gaming tax revenue, and grant revenues related to specific infrastructure projects. The fund balance at December 31, 2018 was \$8,973,790 of which \$720k is under contract to complete specific projects. Increases and decreases occur in the fund depending on the funding needs of a variety of projects that may be planned over multiple fiscal years.

Proprietary funds. Beginning in 2018 the City established its only Proprietary Fund, an enterprise fund, to account for the Community Ice Center Fund. Information in the fund statements is similar to that presented in the government-wide financial statements, with more detail.

As noted earlier in the discussion of business like activities, at the end of 2018 the net position of the Community Ice Center Fund was \$19,558,751 as a result of the first year activities that comprised the construction of the new facility, therefore, no operating revenues or expenses occurred. Debt issuance, contributions from the St. Louis Legacy Ice Foundation of \$15.5 million, a grant of \$500,000 and a transfer from the City's Capital Improvement Fund of \$5,874,640 provided the funds. Nonoperating revenues of investment income and nonoperating expenses of interest expense and bond issuance costs were incurred during the year.

Fiduciary funds. The City maintains Agency Funds for the monies received and held for the benefit of others for the following purposes:

- Bond deposits held to ensure a defendant's appearance in municipal court,
- Collection and release of the monies for future improvements to ensure completion of the projects, and
- Amounts seized as evidence in criminal cases that will be disbursed as directed by courts.

At the end of 2018, the cash (and cash equivalents) had decreased \$272,027 (to \$788,456) from 2017 as the result of several commercial developments completed in 2018 that had posted required deposits prior to the beginning of the year. Municipal court bonds represent about 21% of the funds.

In 2004, the City established, through a contribution of \$2 million from the General Fund, an "Other Post-Employment Benefit" (OPEB) Trust Fund to account for retiree health benefits. During 2018, investments had a net decrease in value of \$213,316. Benefits totaling \$36,142 were paid during 2018. The fund had \$3,553,354 in assets at December 31, 2018.

The City conforms to GASB Statement 75 regarding the disclosure requirements of OPEBs. Note H describes the retiree health plan and indicates that the plan is fully funded.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final 2018 budget for the City's General Fund represents an original expenditure budget of \$24,733,344 with a net increase of \$221,400 to \$24,954,744, an adjustment of nine tenths of a percent (0.9%). The changes during the year were as follows:

- An increase in the administration department of \$101,400 comprised of increases of \$36,000 in the legal services program of the administration department primarily due to higher than anticipated legal fees related to the Community Ice Center development agreement, \$10,000 in the City Clerk's office for election costs and \$55,000 in the human resources program to provide for higher than anticipated personnel consulting costs.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

- An increase of \$120,000 in the community development department related to anticipated economic development costs related to the Community Ice Center. (The costs were ultimately incurred in the Enterprise Fund.)

The City revises revenue estimates as information becomes available. General Fund 2018 revenue estimates were increased by a net of \$510,000 (2%).

Increases to the estimates for sales taxes (\$300,000), utilities gross receipts tax (\$200,000), investment income (\$100,000), charges for services (\$200,000), and miscellaneous (\$50,000) totaled \$850,000. Decreases to the expected gaming taxes (\$250,000), cigarette taxes (\$10,000), merchant licenses (\$30,000), and cable TV franchise fees (\$50,000) totaled \$340,000.

The General Fund ended the year with budgetary revenues exceeding expenditures by \$2,493,222. Other financing sources added \$182,710 to the General Fund. The other financing sources consisted of a transfer from the Park Fund of \$100,000, insurance proceeds, and proceeds from the sale of assets. The result was a total increase in budgetary funds of \$2,675,392 in 2018 to \$29,564,482 at year-end.

The actual General Fund revenues and expenditures for the year varied slightly from the 2018 amended budget. Total actual revenues were 3.6% (\$910k) higher than budgeted and total actual expenditures were 5.3% (\$1.3m) lower than budgeted. The noteworthy variances were:

- The most significant revenue budget variance was for investment income. For budgetary purposes, General Fund investments made up of short-term federal treasury, agency, and bank certificate of deposits are comprised of interest received and accrued without adjustments to the fair market value. Thus, the budgeted revenue relies on assumptions of available funds and interest rates. The rates and available funds were both higher than anticipated in 2018 resulting in \$444,200 more than anticipated.
- Gaming taxes dropped 3.6% in 2018. The revised budget assumed a slight decrease. The General Fund's share was \$92,713 (1.3%) lower than the amended budget.
- A new countywide sales tax for public safety went into effect in late 2017. Therefore, 2018 was the first full year of the tax. The estimate for the year was exceeded by 11.3% (\$152,518).
- County road refund revenue represents a portion of a property tax levied by St. Louis County and distributed to municipalities to be used for road maintenance. The City's share is determined by tax collections by the County. The 2018 distributions included collections for 2017 protested assessments which resulted in revenues exceeding the budget by \$128,277 (13.5%).
- Gross receipts taxes on utilities exceeded the 2018 budget by 3% (\$173,197) in 2018 with all four components (electric, gas, telecommunication, water) producing higher than expected revenues.
- Expenditures were \$1.3 million (5.3%) below budgeted levels in 2018 from various activities. Personnel related costs account for about 45% (\$558k) of the variance due to unbudgeted employee turnover and unfilled vacant positions. Another 40% was comprised of lower expected contracted costs that included \$200k that was expended in the Enterprise Fund.

None of the noted expenditure variances indicate any major long-term financial issues for the General Fund.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of December 31, 2018 amounts to \$171,305,786 (net of accumulated depreciation). This investment includes land, construction in progress, vehicles, equipment, buildings, park facilities, roads, bridges, and sidewalks. This represents a net increase for the current fiscal year (including additions and deductions) of \$11,905,404 or 7.5% more than last year.

Construction in progress increased \$8,290,316 due to the construction of the new Community Ice Center, a business-type activity of \$14,557,733. This was offset by \$5.2 million in walking/hiking trails that were placed into service in 2018, thereby contributing to an increase of \$5.9m other improvements.

Infrastructure increases of \$1.8 million were exceeded by depreciation of \$3.0 million resulting in a decrease of \$1.2 million in capital assets. Further buildings decreased \$965k due to depreciation.

	December 31					
	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land and improvements	\$ 7,746,365	7,731,270	-	-	7,746,365	7,731,270
Buildings	41,690,892	42,656,232	-	-	41,690,892	42,656,232
Other improvements	10,433,394	4,554,085	-	-	10,433,394	4,554,085
Machinery and equipment	1,830,854	1,901,145	-	-	1,830,854	1,901,145
Software	47,604	41,901	-	-	47,604	41,901
Automobiles and trucks	1,874,917	1,865,824	-	-	1,874,917	1,865,824
Infrastructure	91,824,883	93,083,364	-	-	91,824,883	93,083,364
Construction in progress	1,299,144	7,566,561	14,557,733	-	15,856,877	7,566,561
Total	<u>\$ 156,748,053</u>	<u>159,400,382</u>	<u>14,557,733</u>	<u>-</u>	<u>171,305,786</u>	<u>159,400,382</u>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2018 fiscal year. Fund financial statements record capital asset purchases as expenditures.

Additional information on the City's capital assets can be found in Note C on pages 40 through 41 of this report.

Long-term Debt

At the end of 2018, the City had total long-term debt obligations (net of unamortized discount and premium) for governmental activities in the amount of \$32,452,917 compared to \$18,088,177 at the end of 2017.

Business-type debt of \$55,753,482 was issued and outstanding at year-end. This represents the debt issued through the Maryland Heights Industrial Development Authority (IDA), a blended component unit, to finance the construction of the Community Ice Center.

None of the debt outstanding represents general obligation bonds.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For The Year Ended December 31, 2018

- The City relies heavily on gaming taxes generated by the Hollywood Casino, owned by Penn National Gaming, Inc., to fund services at the current level and provide funds for capital improvements. Casino activity in the St. Louis region has stagnated for a variety of reasons with the City's gaming taxes showing a decline of 3.6% in 2018. The aforementioned Community Ice Center project, expected to generate one million new visitors annually, is under construction on property adjacent to the casino.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, City of Maryland Heights, 11911 Dorsett Road, Maryland Heights, MO 63043.

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 50,139,605	60,728,621	110,868,226
Receivables	5,729,815	176,929	5,906,744
Prepaid items	503,664	-	503,664
Restricted assets - cash and investments	181	3,542,482	3,542,663
Net OPEB asset	687,661	-	687,661
Net pension asset	1,571,320	-	1,571,320
Capital assets not being depreciated:			
Land	7,746,365	-	7,746,365
Infrastructure	35,640,624	-	35,640,624
Construction in progress	1,299,144	14,557,733	15,856,877
Capital assets, net of accumulated depreciation:			
Buildings	41,690,892	-	41,690,892
Other improvements	10,433,394	-	10,433,394
Machinery and equipment	1,830,854	-	1,830,854
Software	47,604	-	47,604
Automobiles and trucks	1,874,917	-	1,874,917
Infrastructure	56,184,259	-	56,184,259
Total Assets	215,380,299	79,005,765	294,386,064
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,406,607	-	2,406,607
Deferred amounts related to OPEB	344,839	-	344,839
Total Deferred Outflows Of Resources	2,751,446	-	2,751,446
LIABILITIES			
Accounts payable	1,054,478	2,590,688	3,645,166
Accrued interest	243,409	1,102,844	1,346,253
Accrued payroll	578,768	-	578,768
Unearned revenue	256,582	-	256,582
Noncurrent liabilities:			
Due within one year	4,887,696	-	4,887,696
Due in more than one year	28,900,780	55,753,482	84,654,262
Total Liabilities	35,921,713	59,447,014	95,368,727
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,735,059	-	2,735,059
NET POSITION			
Net investment in capital assets	143,495,136	11,790,962	155,286,098
Restricted for:			
Debt service	21,119	3,542,482	3,563,601
Storm water	478,947	-	478,947
Tax increment funds	4,491,860	-	4,491,860
Other purposes	1,378,417	-	1,378,417
Unrestricted	29,609,494	4,225,307	33,834,801
Total Net Position	\$ 179,474,973	19,558,751	199,033,724

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
Legislative	\$ 148,419	-	-	-	(148,419)	-	(148,419)
General administration	2,705,950	-	-	-	(2,705,950)	-	(2,705,950)
Finance and accounting	1,499,165	-	-	-	(1,499,165)	-	(1,499,165)
Community development	21,439,615	1,065,356	-	-	(20,374,259)	-	(20,374,259)
Public works	11,093,581	372,772	2,186,476	905,084	(7,629,249)	-	(7,629,249)
Police services	11,415,708	1,412,201	674,194	-	(9,329,313)	-	(9,329,313)
Judicial	332,493	88,033	-	-	(244,460)	-	(244,460)
Parks and recreation	6,679,046	2,098,383	-	-	(4,580,663)	-	(4,580,663)
Human services	217,161	-	-	-	(217,161)	-	(217,161)
Interest and fiscal charges	707,799	-	-	-	(707,799)	-	(707,799)
Total Governmental Activities	56,238,937	5,036,745	2,860,670	905,084	(47,436,438)	-	(47,436,438)
Business-type Activities							
Community ice center	2,931,585	-	-	16,074,640	-	13,143,055	13,143,055
	<u>\$ 59,170,522</u>	<u>5,036,745</u>	<u>2,860,670</u>	<u>16,979,724</u>	<u>(47,436,438)</u>	<u>13,143,055</u>	<u>(34,293,383)</u>
General Revenues							
Gaming tax					10,010,410	-	10,010,410
Sales tax					11,499,252	-	11,499,252
Utility tax					6,098,184	-	6,098,184
Property tax from tax increment financing					4,938,356	-	4,938,356
Hotel/motel tax					371,799	-	371,799
Cigarette tax					60,087	-	60,087
Business license tax					620,001	-	620,001
Cable franchise tax					339,269	-	339,269
Investment earnings					873,191	541,056	1,414,247
Gain on sale of capital assets					10,998	-	10,998
Other					1,439,842	-	1,439,842
Transfers					(5,874,640)	5,874,640	-
Total General Revenues And Transfers					30,386,749	6,415,696	36,802,445
CHANGE IN NET POSITION					(17,049,689)	19,558,751	2,509,062
NET POSITION, JANUARY 1					196,524,662	-	196,524,662
NET POSITION, DECEMBER 31					<u>\$ 179,474,973</u>	<u>19,558,751</u>	<u>199,033,724</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<u>Major Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Park</u>	<u>Capital Improvements</u>		
ASSETS					
Cash and investments	\$ 27,561,739	6,520,213	8,855,842	7,201,811	50,139,605
Cash and investments - restricted	-	-	-	181	181
Accounts receivable:					
Municipal taxes	3,235,813	718,262	210,619	878,197	5,042,891
Licenses, permits, fines, and fees	465,979	-	-	-	465,979
Intergovernmental	-	4,328	-	-	4,328
Accrued interest	148,330	-	-	-	148,330
Due from others	-	-	68,287	-	68,287
Prepaid items	503,664	-	-	-	503,664
Due from other funds	30,309	-	-	-	30,309
	<u>30,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,309</u>
Total Assets	<u>\$ 31,945,834</u>	<u>7,242,803</u>	<u>9,134,748</u>	<u>8,080,189</u>	<u>56,403,574</u>
LIABILITIES					
Accounts payable	\$ 709,214	112,918	157,021	75,325	1,054,478
Accrued payroll	523,893	50,938	3,937	-	578,768
Due to other funds	-	-	-	30,309	30,309
Unearned revenue	12,917	242,373	-	1,292	256,582
Total Liabilities	<u>1,246,024</u>	<u>406,229</u>	<u>160,958</u>	<u>106,926</u>	<u>1,920,137</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,255,587	310,754	-	43,506	1,609,847
FUND BALANCES					
Nonspendable:					
Prepaid items	503,664	-	-	-	503,664
Restricted for:					
Debt service	-	-	-	21,119	21,119
Police forfeitures	-	-	-	582,708	582,708
Storm water	-	-	478,947	-	478,947
Sewer lateral	-	-	-	673,063	673,063
Police training	-	-	-	35,198	35,198
Beautification	-	-	-	35,649	35,649
Tax increment funds	-	-	-	4,489,716	4,489,716
Tourism tax	-	-	-	51,799	51,799
Committed for:					
Parks	-	6,525,820	-	-	6,525,820
Capital improvements	-	-	8,494,843	-	8,494,843
Streetlighting	-	-	-	2,040,505	2,040,505
Purchases on order	101,119	-	-	-	101,119
Assigned for:					
Purchases on order	29,016	-	-	-	29,016
Unassigned	28,810,424	-	-	-	28,810,424
Total Fund Balances	<u>29,444,223</u>	<u>6,525,820</u>	<u>8,973,790</u>	<u>7,929,757</u>	<u>52,873,590</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 31,945,834</u>	<u>7,242,803</u>	<u>9,134,748</u>	<u>8,080,189</u>	<u>56,403,574</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total Fund Balances - Total Governmental Funds	\$ 52,873,590
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$235,389,670 and the accumulated depreciation is \$78,641,617.	156,748,053
Some revenues are not available soon enough (within 30 days of the fiscal year-end) to pay for current expenditures and are not reported as revenue in the governmental funds.	1,609,847
Certain items are not financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension asset	1,571,320
Deferred outflows related to pensions	2,406,607
Deferred inflows related to pensions	(2,735,059)
Deferred outflows related to OPEB	344,839
Total OPEB asset	687,661
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Notes and certificates of participation payable	(32,365,000)
Certificates of participation premium	(87,917)
Interest on long-term debt is recognized as an expenditure when due in the governmental funds.	(243,409)
Compensated absences are not reported in the governmental funds.	<u>(1,335,559)</u>
Total Net Position Of Governmental Activities	<u><u>\$ 179,474,973</u></u>

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Major Funds</u>			Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Special Park</u>	<u>Capital Improvements</u>		
REVENUES					
Municipal taxes	\$ 21,336,798	4,782,525	3,003,123	6,758,242	35,880,688
Licenses, permits, fines, and fees	3,270,887	-	-	-	3,270,887
Charges for services	-	2,098,383	-	-	2,098,383
Intergovernmental	462,941	-	896,009	528,525	1,887,475
Investment income	846,511	-	-	26,680	873,191
Other	138,830	4	9,075	1,284,787	1,432,696
Total Revenues	<u>26,055,967</u>	<u>6,880,912</u>	<u>3,908,207</u>	<u>8,598,234</u>	<u>45,443,320</u>
EXPENDITURES					
Current:					
Legislative	148,419	-	-	-	148,419
General administration	2,114,803	-	-	1,940	2,116,743
Finance and accounting	1,419,840	-	-	-	1,419,840
Community development	1,689,236	-	-	19,698,460	21,387,696
Public works	5,072,402	-	-	660,208	5,732,610
Police services	11,161,304	-	-	103,141	11,264,445
Judicial	337,195	-	-	-	337,195
Parks and recreation	601,325	4,612,269	-	-	5,213,594
Human services	217,161	-	-	-	217,161
Capital outlay	786,951	236,807	3,885,519	71,673	4,980,950
Debt service:					
Principal	-	-	-	4,840,000	4,840,000
Interest	-	-	-	647,733	647,733
Total Expenditures	<u>23,548,636</u>	<u>4,849,076</u>	<u>3,885,519</u>	<u>26,023,155</u>	<u>58,306,386</u>
REVENUES OVER (UNDER) EXPENDITURES					
	<u>2,507,331</u>	<u>2,031,836</u>	<u>22,688</u>	<u>(17,424,921)</u>	<u>(12,863,066)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	-	837,439	985,000	1,922,439
Transfers out	-	(1,085,000)	(5,874,640)	(837,439)	(7,797,079)
Notes issued	-	-	-	19,200,000	19,200,000
Insurance proceeds	36,105	-	-	-	36,105
Sale of capital assets	46,065	-	-	-	46,065
Total Other Financing Sources (Uses)	<u>182,170</u>	<u>(1,085,000)</u>	<u>(5,037,201)</u>	<u>19,347,561</u>	<u>13,407,530</u>
NET CHANGE IN FUND BALANCES					
	2,689,501	946,836	(5,014,513)	1,922,640	544,464
FUND BALANCES, JANUARY 1	<u>26,754,722</u>	<u>5,578,984</u>	<u>13,988,303</u>	<u>6,007,117</u>	<u>52,329,126</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 29,444,223</u></u>	<u><u>6,525,820</u></u>	<u><u>8,973,790</u></u>	<u><u>7,929,757</u></u>	<u><u>52,873,590</u></u>

See notes to financial statements

CITY OF MARYLAND HEIGHTS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change In Fund Balances - Governmental Funds		\$ 544,464
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$5,627,793) exceeded capital outlays over the capitalization threshold (\$3,030,415) in the current period.		(2,597,378)
The net effect of various transactions involving capital assets:		
Cost of disposals, net of accumulated depreciation		(54,951)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Decrease in unavailable revenue		(406,651)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items and includes:		
Notes issued	(19,200,000)	
Repayments of long-term debt	4,840,000	
Amortization of debt discount	(10,150)	
Amortization of debt premium	5,410	
Net Adjustment	(14,364,740)	
Compensated absences reported on the statement of activities differs from the amount reported in the governmental funds because the short-term liability is recorded as an expenditure in the funds at year-end, whereas the long-term portion does not require the use of current financial resources:		
Decrease in accrued compensated absences		60,477
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Increase in accrued interest		(55,326)
OPEB expense		(348,705)
Pension expense		173,121
		(230,910)
Change In Net Position Of Governmental Activities		\$ (17,049,689)

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF NET POSITION - ENTERPRISE FUND
DECEMBER 31, 2018

	<u>Community Ice Center</u>
ASSETS	
Current Assets	
Cash and investments	\$ 60,728,621
Cash and investments - restricted	3,542,482
Receivables:	
Accrued interest	176,929
Total Current Assets	<u>64,448,032</u>
Noncurrent Assets	
Construction in progress	<u>14,557,733</u>
Total Assets	<u>79,005,765</u>
LIABILITIES	
Current Liabilities	
Accounts payable	2,590,688
Accrued interest	1,102,844
Total Current Liabilities	<u>3,693,532</u>
Noncurrent Liabilities	
Debt payable, net	<u>55,753,482</u>
Total Liabilities	<u>59,447,014</u>
NET POSITION	
Net investment in capital assets	11,790,962
Restricted for debt service	3,542,482
Unrestricted	<u>4,225,307</u>
Total Net Position	<u>\$ 19,558,751</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community Ice Center
NONOPERATING REVENUES (EXPENSES)	
Bond issuance cost	\$ (1,831,852)
Investment income	541,056
Interest expense	(1,099,733)
Total Nonoperating Revenues (Expenses)	(2,390,529)
NET LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,390,529)
CAPITAL CONTRIBUTIONS	16,074,640
TRANSFERS IN	5,874,640
CHANGE IN NET POSITION	19,558,751
NET POSITION, JANUARY 1	-
NET POSITION, DECEMBER 31	\$ 19,558,751

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community Ice Center
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash flows provided by noncapital financing activities:	
Transfers in	\$ 5,874,640
Contributions	16,074,640
Net Cash provided By Noncapital Financing Activities	21,949,280
Cash flows from capital and related financing activities:	
Proceeds from debt issuance	53,924,741
Construction of capital assets	(11,967,045)
Net Cash Provided By Capital and Related Financing Activities	41,957,696
Cash flows provided by investing activities:	
Investment income	364,127
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,271,103
CASH AND CASH EQUIVALENTS, JANUARY 1	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 64,271,103
 Supplemental disclosure of cash flow information:	
Debt financing:	
Par value of debt issued	\$ 55,550,000
Premium recorded	206,593
Costs of issuance	(1,831,852)
Net Cash Provided	\$ 53,924,741
Construction work-in-progress payable at year-end	\$ 2,590,688

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency Fund	Other Post- employment Benefit Trust Fund
ASSETS		
Cash	\$ 788,456	-
Investments - pooled balanced funds	-	3,553,354
Total Assets	788,456	3,553,354
LIABILITIES		
Accounts payable	200	-
Deposits held for others	788,256	-
Total Liabilities	788,456	-
NET POSITION RESTRICTED FOR OPEB	\$ -	3,553,354

CITY OF MARYLAND HEIGHTS, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Other Post- employment Benefit Trust Fund
ADDITIONS	
Investment income (net)	<u>\$ (213,316)</u>
DEDUCTIONS	
Benefit payments	36,142
Administrative expenses	3,833
Total Deductions	<u>39,975</u>
CHANGE IN NET POSITION	(253,291)
NET POSITION RESTRICTED FOR OPEB, JANUARY 1	<u>3,806,645</u>
NET POSITION RESTRICTED FOR OPEB, DECEMBER 31	<u><u>\$ 3,553,354</u></u>

CITY OF MARYLAND HEIGHTS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF MARYLAND HEIGHTS, MISSOURI** (the City) was incorporated May 9, 1985 as the result of a special incorporation election held November 6, 1984. The City operates as a third-class city under the Missouri state statutes. It has a mayor/council/city administrator form of government and provides the following services: legislative, general administration, finance and accounting, community development, public works, police services, judicial, parks and recreation, and human services.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the more significant policies:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope for the reporting entity are based on the applicable GASB requirements. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component units' Board or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and the Industrial Development Authority of the City of Maryland Heights (IDA) (blended component unit).

The IDA is not-for-profit Corporation established by resolution of the City Council and formed under RSMo Chapter 349. It is designed to promote commercial and industrial developments in the City. The City appoints members to the IDA's Board of Directors. The IDA activity has been incorporated into the City's annual budget process and must obtain City Council approval before expending funds. The IDA is accounted for as a part of the City's primary operations within the Enterprise Fund because of the financial arrangements between and operational responsibilities with the City.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and trust fund financial statements. The Agency Fund's financial statements are reported using the accrual basis of accounting with no economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period, if any. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Special Park Fund -- This fund was established in 1997 to account for a portion of the revenues derived from a one-half cent parks and storm water sales tax approved by voters in 1996. Expenditures are restricted for parks, storm water, and related facilities.

Capital Improvements Fund -- This fund is a Capital Projects Fund used to account for the acquisition or construction of major capital facilities.

The City reports the following major proprietary fund:

Community Ice Center Fund -- This enterprise fund accounts for the operations and construction of the indoor/outdoor ice complex.

Additionally, the City reports the following fund types:

Agency Fund (Court Bonds and Escrow Deposits) -- This fund is used to account for court bonds posted with the City and escrow deposits made to the City for development projects. This is a fiduciary fund type which is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Other Post-employment Benefit Trust Fund -- This fund accounts for the accumulation of resources for post-employment health benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering good in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund will be leases and other user fees. Operating expenses for the Enterprise Funds include costs of operations and administrative expenses.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Investments

The City maintains a cash and investment pool that is available for use by all funds. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, and repurchase agreements.

Investments are stated at fair value. Fair value for certain U.S. government securities which mature within less than one year from purchase is determined by calculating amortized cost, which approximates fair value. Fair value for all other investments is based on quoted market prices.

5. Restricted Assets

Certain resources set aside for the repayment of debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In the case of the initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost of the initial reporting of those assets through back trending. A percentage of the historical costs allocated to account for the nondepreciable components of the road system (land, clearing, deforestation, blasting, etc.).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Asset	Years
Buildings	20 - 40
Other improvements	20 - 40
Machinery and equipment	6 - 10
Software	10
Automobiles and trucks	5 - 10
Infrastructure	10 - 50

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Compensated Absences

Vacations accrue to employees based on weeks of continuous service. Upon leaving the employ of the City, an employee is entitled to payment for accrued vacation. A liability for unused vacation compensation has been recorded as long-term debt as it is expected to be paid from future resources. The City provides vested sick leave benefits based on the employee's number of years of service and age.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt payable is reported net of the applicable bond premium or discount.

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

9. Fund Balance Classification and Policies

The City's policy is to report the fund balance in the following categories, when applicable, listed from most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is legally or contractually required to be maintained or is not in spendable form (such as prepaids).

Restricted -- The portion of fund balance that is subject to enforceable legal restrictions by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

Committed -- The portion of fund balance with self-imposed constraints or limitations that have been imposed by ordinance of the City Council. Such constraint is binding unless modified or rescinded by formal action of the City Council. Typically the Council establishes special revenue funds, and approves certain contracts for services or goods (encumbrances) to commit certain resources.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose; intent can be expressed by the City Administrator or department director pursuant to the City's purchasing regulations per City Council ordinance.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Fund Balance Classification and Policies (Continued)

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts in the following order: restricted, committed, assigned, and then unassigned. The City's policy is to maintain expenditure increases at a moderate growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The decision to retain fund balance of not less than 75% of operating expenditures stems from the following:

- This amount provides adequate funding to cover approximately nine months of operating expenditures. Operating expenditures are considered as total expenditures less capital outlays of the General Fund and Special Park Fund.
- This amount provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent as revenue recognition precedes receipt and grant funds are on a reimbursement basis.
- This amount provides the liquidity to respond to unanticipated revenue shortfalls. Since about one-fourth of City revenue is derived from one source (gaming tax) which is subject to uncontrollable market and regulatory factors, the fund balance should be maintained at a higher level than otherwise would be considered.
- This amount provides for unanticipated expenditures due to uncontrollable factors such as weather related conditions.
- This amount provides resources to lessen the need to finance major capital improvements through external funding via long-term debt.

Should the balance fall below the desired amount, the City Administrator will develop a plan to replenish the fund balance and submit to the City Council.

10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to distinguish that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental types. Encumbrances outstanding at year-end are reported as a restricted, committed, or assigned portion of fund balances since they do not constitute expenditures or liabilities because the encumbrances will be honored during the subsequent year. Encumbrances for the General, Capital Improvements, Special Park, and Nonmajor Special Revenue Funds amounted to \$130,135, \$720,182, \$88,774, and \$13,368 respectively, at December 31, 2018.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types. All of these interfund balances are due to timing differences. All interfund balances are expected to be repaid during the next fiscal year.

12. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension and OPEB plans reported on the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources for unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension plan reported on the government-wide statement of net position.

14. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

15. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Pensions (Continued)

same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments are reported at fair value.

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2018, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of December 31, 2018, the City had the following investments:

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments	Fair Value	Maturities				Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	More Than 5 Years	
Governmental Funds						
Federal Agency notes:						
Federal Home Loan Bank	\$ 6,929,380	-	1,993,840	4,935,540	-	AA
Federal Farm Credit Bank	6,936,840	-	3,976,590	2,960,250	-	AA
Federal Home Loan Mortgage Corporation	10,248,959	-	2,213,235	8,035,724	-	AA
Federal National Mortgage Association	5,537,474	-	3,670,084	1,867,390	-	AA
Total Federal Agency Notes	29,652,653	-	11,853,749	17,798,904	-	
U.S. Treasury notes	988,217	-	988,217	-	-	AAA
Repurchase agreement	5,889,000	-	5,889,000	-	-	AA
Certificate of deposit	11,039,000	-	4,424,000	6,615,000	-	N/A
Money market	3,359,842	3,359,842	-	-	-	AA
MOSIP	149,773	149,773	-	-	-	AAA
Total Governmental Funds	51,078,485	3,509,615	23,154,966	24,413,904	-	
Enterprise Funds						
U.S. Treasury bills	11,085,764	-	11,085,764	-	-	AAA
U.S. Treasury notes	41,027,034	-	36,783,032	4,244,002	-	AAA
Money Market	12,158,305	12,158,305	-	-	-	N/A
Total Enterprise Funds	64,271,103	12,158,305	47,868,796	4,244,002	-	
Fiduciary Funds						
Mutual Funds:						
Domestic equity	1,527,942	1,527,942	-	-	-	N/A
International equity	568,537	568,537	-	-	-	N/A
Domestic fixed income	1,279,207	1,279,207	-	-	-	N/A
International fixed income	177,668	177,668	-	-	-	N/A
Total Fiduciary Funds	3,553,354	3,553,354	-	-	-	
Grand Total Investments	\$ 118,902,942	19,221,274	71,023,762	28,657,906	-	

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City will minimize credit risk by prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy does not allow investments in securities maturing in over five years unless approved by the City Council.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy limits investments to: 1) bonds, bills, or notes of the United States or an agency of the United States; 2) negotiable certificates of deposit, savings accounts, and other interest earning deposit accounts; or 3) repurchase agreements against eligible collateral.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At December 31, 2018, the City had the following investment concentrations.

Governmental Funds

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
Certificates of deposit - certain banks greater than 5%	\$ 11,039,000	9.3%
Federal Home Loan Mortgage Corporation	10,248,959	8.6
Federal Farm Credit Bank	6,936,840	5.8
Federal Home Loan Bank	6,929,380	5.8
Repurchase agreement	5,889,000	5.0

Enterprise Funds

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
Money market funds	\$ 12,158,307	10.2%

Investment in Investment Pool

The City is a voluntary participant in the Missouri Securities Investment Program (MOSIP) that is a cooperative investment service established by an intergovernmental cooperative agreement. The fair value of the City's investment in this pool is reported in the accompanying financial

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

statements at amounts based upon the City's pro-rata share of the fair value provided by MOSIP for the entire MOSIP portfolio (in relation to the amortized cost of the portfolio).

The Missouri Securities Investment Program (MOSIP) was established on October 3, 1991, as an instrumentality of Missouri Public School Districts, municipalities and other political subdivisions pursuant to an intergovernmental cooperation agreement executed under the laws of the State of Missouri. MOSIP is governed by a board of directors elected by members. The objective of MOSIP is to enable eligible organizations to pool their available funds for investments in instruments permitted by Missouri Law. The City's participation currently is through investment in the MOSIP Money Market Series which is rated AAA from Standard & Poor's.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable input, and Level 3 inputs are significant unobservable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value investments based on the relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City has the following recurring fair value measurements:

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

	<u>Total</u>	<u>December 31, 2018</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Governmental Funds				
MOSIP	\$ 149,773	-	149,773	-
Government securities:				
Federal Farm Credit Bank	6,936,840	-	6,936,840	-
Federal Home Loan Bank	6,929,380	-	6,929,380	-
Federal Home Loan Mortgage Corporation	10,248,959	-	10,248,959	-
Federal National Mortgage Association	5,537,474	-	5,537,474	-
U.S. Treasury Notes	988,217	-	988,217	-
Total Governmental Funds	<u>30,790,643</u>	<u>-</u>	<u>30,790,643</u>	<u>-</u>
Enterprise Funds				
Governmental securities:				
U.S. Treasury notes	41,027,034	-	41,027,034	-
U.S. Treasury bills	11,085,764	-	11,085,764	-
Total Enterprise Funds	<u>52,112,798</u>	<u>-</u>	<u>52,112,798</u>	<u>-</u>
Fiduciary Funds				
Mutual Funds:				
Domestic equity	1,527,942	1,527,942	-	-
International equity	568,537	568,537	-	-
Domestic fixed income	1,279,207	-	1,279,207	-
International fixed income	177,668	-	177,668	-
Total Fiduciary Funds	<u>3,553,354</u>	<u>2,096,479</u>	<u>1,456,875</u>	<u>-</u>
Total Investments By Fair Value Level	<u>86,456,795</u>	<u>2,096,479</u>	<u>84,360,316</u>	<u>-</u>
Investments not subject to fair value level classification:				
Governmental Funds				
Certificates of deposit	11,039,000			
Money market funds	3,359,842			
Repurchase agreement	5,889,000			
Total Governmental Funds	<u>20,287,842</u>			
Enterprise Funds				
Money market funds	<u>12,158,305</u>			
Total Investments Not Subject To Fair Value	<u>32,446,147</u>			
Total Primary Government Investments	<u>\$ 118,902,942</u>			

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2018			Balance December 31 2018
	Balance December 31 2017	Increases	Decreases	
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 7,731,270	15,095	-	7,746,365
Right-of-way	22,352,409	63,384	-	22,415,793
Nondepreciable components of streets	12,985,727	239,104	-	13,224,831
Construction in progress	7,566,561	401,332	6,668,749	1,299,144
Total Capital Assets Not Being Depreciated	<u>50,635,967</u>	<u>718,915</u>	<u>6,668,749</u>	<u>44,686,133</u>
Capital assets being depreciated:				
Buildings	48,664,034	254,826	-	48,918,860
Other improvements	14,540,520	6,439,613	39,631	20,940,502
Machinery and equipment	5,261,522	315,116	-	5,576,638
Software	129,972	13,140	-	143,112
Automobiles and trucks	4,238,036	458,773	201,285	4,495,524
Infrastructure	109,130,120	1,498,781	-	110,628,901
Total Capital Assets Being Depreciated	<u>181,964,204</u>	<u>8,980,249</u>	<u>240,916</u>	<u>190,703,537</u>
Less - Accumulated depreciation for:				
Buildings	6,007,802	1,220,166	-	7,227,968
Other improvements	9,986,435	547,556	26,883	10,507,108
Machinery and equipment	3,360,377	385,407	-	3,745,784
Software	88,071	7,437	-	95,508
Automobiles and trucks	2,372,212	407,477	159,082	2,620,607
Infrastructure	51,384,892	3,059,750	-	54,444,642
Total Accumulated Depre- ciation	<u>73,199,789</u>	<u>5,627,793</u>	<u>185,965</u>	<u>78,641,617</u>
Total Capital Assets Being Depreciated, Net	<u>108,764,415</u>	<u>3,352,456</u>	<u>54,951</u>	<u>112,061,920</u>
Total Capital Assets, Net	<u>\$ 159,400,382</u>	<u>4,071,371</u>	<u>6,723,700</u>	<u>156,748,053</u>
Business-type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	14,557,733	-	14,557,733

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

	For The Year Ended December 31 2018
Governmental Activities	
General administration	\$ 580,139
Finance and accounting	40,459
Community development	17,054
Public works	3,515,721
Police services	162,590
Parks and recreation	1,311,830
	1,311,830
Total	\$ 5,627,793

NOTE D - INTERFUND BALANCES

During the normal course of business, the City has numerous transactions between funds. The outstanding balances at December 31, 2018 is to eliminate a negative cash balance within a fund. The following is a reconciliation of internal receivables and payables:

	December 31, 2018	
	Receivable Fund	Payable Fund
General Fund	\$ 30,309	-
Nonmajor funds	-	30,309
	-	30,309
Total	\$ 30,309	30,309

NOTE E - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

	Transfers In				Total
	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Ice Arena Construction	
Transfers out:					
Capital Improvements Fund (2)	\$ -	-	-	5,874,640	5,874,640
Special Park Fund (1)	100,000	-	985,000	-	1,085,000
Nonmajor Governmental Funds (2)	-	837,439	-	-	837,439
	-	837,439	-	-	837,439
Total	\$ 100,000	837,439	985,000	5,874,640	7,797,079

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - INTERFUND TRANSACTIONS (Continued)

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, and (2) use certain revenues collected to finance capital improvements in accordance with budgetary authorization.

NOTE F - LONG-TERM DEBT

A summary of changes in long-term debt was as follows:

	For The Year Ended December 31, 2018			Balance December 31 2018	Amounts Due Within One Year
	Balance December 31 2017	Additions	Reductions		
Governmental Activities					
Certificates of Participation Series 2015	\$ 13,790,000	-	625,000	13,165,000	635,000
Tax Increment Notes, Series 2018B	-	19,200,000	-	19,200,000	3,200,000
Tax Increment Bonds, Series 2007B	4,215,000	-	4,215,000	-	-
Certificates of Participation Premium	93,327	-	5,410	87,917	-
Bond discount	(10,150)	-	(10,150)	-	-
Compensated absences payable	1,396,036	992,219	1,052,696	1,335,559	1,052,696
Total	<u>\$ 19,484,213</u>	<u>20,192,219</u>	<u>5,887,956</u>	<u>33,788,476</u>	<u>4,887,696</u>

The certificates of participation are to be liquidated by the Community Center Debt Service. Compensated absences are generally liquidated by the General Fund, Special Park Fund, and Capital Improvement Fund.

	For The Year Ended December 31, 2018			Balance December 31 2018	Amounts Due Within One Year
	Balance December 31 2017	Additions	Reductions		
Business-type Activities					
IDA Revenue Bonds: Series 2018A	\$ -	50,150,000	-	50,150,000	-
Series 2018B	-	5,400,000	-	5,400,000	-
Premiums - IDA Revenue Bonds	-	206,593	3,111	203,482	-
Total	<u>\$ -</u>	<u>55,756,593</u>	<u>3,111</u>	<u>55,753,482</u>	<u>-</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM DEBT (Continued)

Certificates of Participation

In January 2015, the City issued certificates of participation, Series 2015 in the amount of \$15,000,000 maturing April 2035. The proceeds were used to construct a community center. The Series 2015 certificates of participation bear interest ranging from 2% to 3.15%.

Annual debt service requirements are as follows:

For The Years Ending December 31	Principal	Interest	Total
2019	\$ 635,000	340,082	975,082
2020	650,000	327,232	977,232
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	\$ 13,165,000	3,439,091	16,604,091

Tax Increment Bonds and Notes

The tax increment bonds are issued by the City, pursuant to trust indentures. The bonds and notes are special, limited obligations of the City, payable solely from certain pledged revenues, other monies pledged, and applicable guaranties. The application of economic activity tax revenues to the payment of the bonds and notes are subject to annual appropriation by the City.

The bonds and notes do not constitute a general obligation of the City and do not constitute an indebtedness of the City, the State, or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. Neither the full faith and credit nor the taxing powers of the City, the State, or any political subdivision thereof is pledged to the payment of the bonds and notes. The issuance of the bonds and notes shall not, directly, indirectly, or contingently, obligate the City, the State, or any political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM DEBT (Continued)

The two tax increment issues are as follows:

- Tax Increment Refunding Revenue Notes, Series 2018B, total amount authorized \$25,862,500, 7.0%, payable in variable amounts through 2038. In February 2019, additional notes totaling \$6,662,500 were issued.
- Subordinate Taxable Tax Increment Refunding Revenue Bonds, Series 2007B, originally \$5,155,000, 7%, payable in variable amounts. Final payment of these bonds was made during 2018.

The City has pledged a portion of future sales tax revenues to repay the tax increment revenue debt. This debt is payable solely from the incremental sales tax revenue generated by increased retail sales in the redevelopment area. Incremental tax revenues were projected to produce 100% of the debt service requirements over the life of the debt. For the current year \$4,510,050 of principal and interest was paid on this debt and total incremental tax revenues were \$5,190,001.

IDA Revenue Bonds

In August 2018, the IDA issued revenue bonds, Series 2018A in the amount of \$50,150,000 maturing March 2049 and Series 2018B in the amount of \$5,400,000 maturing March 2046. The proceeds are being used to construct the St. Louis Community Ice Center. The Series 2018A bonds bear interest ranging from 4.375% to 5.0% and the Series 2018B bonds bear interest of 5.25%.

Among the requirements under the financing agreement, the City has agreed to transfer to the bond trustee, subject to annual appropriation by the City Council, an amount sufficient to replenish any draw on the series 2018A reserve account, but not to exceed \$625,000 per year.

Annual debt service requirements are as follows:

For The Years Ending December 31	Principal	Interest	Total
2019	\$ -	3,011,411	3,011,411
2020	500,000	2,719,813	3,219,813
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	<u>\$ 55,550,000</u>	<u>56,269,706</u>	<u>111,819,706</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN

Plan Description

The City’s defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS’ responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS’ Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	2018 Valuation
Benefit multiplier	2%
Final average salary	5 years
Member contributions	Noncontributory for employees

Benefit terms provide for annual post-retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered By Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>188</u>
Total	<u>280</u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN (Continued)

earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 12.25% (General) and 14.2% (Police) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period of March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00 %	5.16 %
Fixed income	26.00	2.86
Real assets	21.00	3.23
Strategic assets	10.00	5.59

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rate for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a)-(b)</u>
Balances at June 30, 2017	<u>\$ 38,602,117</u>	<u>38,248,103</u>	<u>354,014</u>
Changes for the year			
Service cost	1,465,806	-	1,465,806
Interest	2,819,289	-	2,819,289
Difference between expected and actual experience	312,342	-	312,342
Contributions - employer	-	1,712,322	(1,712,322)
Contributions - employee	-	73,516	(73,516)
Net investment income	-	4,818,840	(4,818,840)
Assumption changes	-	-	-
Benefit payments, including refunds	(886,417)	(886,417)	-
Administrative expense	-	(23,311)	23,311
Other changes	-	(58,596)	58,596
Net Changes	<u>3,711,020</u>	<u>5,636,354</u>	<u>(1,925,334)</u>
Balances at June 30, 2018	<u>\$ 42,313,137</u>	<u>43,884,457</u>	<u>(1,571,320)</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability (asset)	\$ 5,115,708	(1,571,320)	(7,085,721)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense of \$1,564,611. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	Outflows	Inflows	Net Outflows
Differences in experience	\$ 299,751	(1,045,870)	(746,119)
Assumption changes	1,227,835	(362,567)	865,268
Excess (deficit) investment returns	-	(1,326,622)	(1,326,622)
Contributions subsequent to the measurement date*	879,021	-	879,021
Total	\$ 2,406,607	(2,735,059)	(328,452)

*The amount reported as deferred outflows or resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the next fiscal year.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For The Plan Years Ending June 30			
2019		\$ 73,229	
2020		(242,803)	
2021		(732,762)	
2022		(395,535)	
2023		11,277	
Thereafter		79,121	
Total		\$ (1,207,473)	

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City's OPEB plan (the Plan) provides OPEB for all eligible employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and established by City Ordinance. The assets of the Plan are accumulated in the Other Post-Employment Benefit Trust Fund. The Plan does not issue a stand-alone report.

Benefits Provided

The Plan provides post-retirement healthcare benefits to eligible employees. The Plan provides medical and prescription benefits to eligible employees and their spouses.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Retired employees or beneficiaries	6
Active employees - not fully eligible	161
Active employees - fully eligible	<u>31</u>
Total	<u>198</u>

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation date as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.5%
Salary increase	3% including inflation
Discount rate	5.75%
Healthcare cost trend rates	7.0% for 2018, decreasing to an ultimate rate of 4.5% for 2022 and later years

The discount rate was based on the City's assets and calculation of actuarially determined contribution as of December 31, 2018.

Mortality rates were based on the RP-2014 generational table scaled using MP-17 and applied on a gender specific basis.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at January 1, 2018	\$ 2,643,173	3,806,645	(1,163,472)
Changes for the year			
Service cost	107,764	-	107,764
Interest cost	154,731	-	154,731
Net investment income	-	(213,316)	213,316
Benefit payments	(39,975)	(39,975)	-
Net Changes	<u>222,520</u>	<u>(253,291)</u>	<u>475,811</u>
Balances at December 31, 2018	<u>\$ 2,865,693</u>	<u>3,553,354</u>	<u>(687,661)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 5.75%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% point lower (4.75%) or 1% point higher (6.75%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset)	(\$ 907,000)	(688,000)	(446,000)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the City, calculated using the healthcare cost trend rates of 6.5% decreasing to 4.5%, as well as what the City's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.5% decreasing to 3.5%) or 1% point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset)	(\$ 1,010,000)	(688,000)	(260,000)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$348,705. Deferred outflows and inflows of resources related to OPEB are from the following sources:

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Net
Net difference between projected and actual investments	\$ 344,839	-	344,839

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For The Years Ending December 31			
2019		\$	86,210
2020			86,210
2021			86,210
2022			86,209
Total		\$	344,839

NOTE I - OTHER EMPLOYEE BENEFIT PLANS

During 2005, the City established a Retirement Health Savings Plan (RHS) administered by the ICMA-RC. The program is a voluntary savings program that provides employees the opportunity to make irrevocable decisions on the contribution of future wages to the plan. Contributions and investment income are tax-deferred and, when withdrawals are used for eligible health-related expenses during retirement, no federal or state income taxes are incurred. No contributions were made in 2018.

NOTE J - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the deferred compensation plan are not included in the City's basic financial statements.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities to cover workers' compensation and general liability matters. The purpose of SLAIT is to distribute the cost of self-insurance over similar entities. In addition to insurance protection, the program provides risk management services with emphasis in loss control, claims administration, and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims. Beginning July 1, 2009, the City began participating in SLAIT's health insurance program.

SLAIT requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of SLAIT have no legal interest in the assets, liabilities, or fund balances of SLAIT. However, the City is contingently liable to fund its pro rata share if any deficit incurred by SLAIT should SLAIT cease operation at some future date.

The City also purchases commercial insurance to cover risks related to building and other City property, earthquake, public official liability, and employee blanket bonds. Settled claims from these risks have not exceeded coverage in any of the past three years.

NOTE L - TAX ABATEMENT AGREEMENTS

GASB 77 requires disclosure of tax abatements, i.e., reductions in tax revenues due to an agreement between one or more governments and an entity in which one or more governments promise to forego taxes they were otherwise entitled to collect.

The City has established three 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. The City levies no property tax; therefore, the only City revenues that fund the TIFs are equal to 50% of incremental city-imposed sales tax generated in the redevelopment districts.

The City has established separate special revenue funds to account for each TIF. In 2018, the incremental City approximate sales taxes that the City distributed to the tax increment financing districts were:

<u>TIF Districts/Fund</u>	<u>Amount</u>
South Heights	\$ 104,566
Dorsett Road	5,821
Westport Plaza	60,409

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE M - CAPITAL IMPROVEMENTS FUND'S FUND BALANCE

Due to similarity of purpose, the Storm Water Fund activity began to be reported with the Capital Improvement Fund as of January 1, 2016. As of December 31, 2018, the Capital Improvement Fund's fund balance was as follows:

Capital Improvement Fund	\$ 8,390,567
Storm Water Fund	<u>583,223</u>
Total	<u>\$ 8,973,790</u>

NOTE N - COMMITMENTS AND CONTINGENCIES

The City may be subject to claims and legal proceedings covering various matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

The City has committed approximately \$53,900,000 for construction and related infrastructure for the new indoor/outdoor ice complex.

NOTE O - RESTATEMENT OF NET POSITION

The previously stated net position has been restated as follows:

	<u>Governmental Activities</u>
Net position, December 31, 2017, as previously reported	\$ 195,347,387
Restatement for GASB 75 OPEB implementation	<u>1,177,275</u>
Net Position, December 31, 2017, As restated	<u>\$ 196,524,662</u>

NOTE P - RESTRICTED NET POSITION

The government-wide statement of net position reports \$9,912,825 of restricted net position, of which \$6,349,224 is restricted by enabling legislation.

CITY OF MARYLAND HEIGHTS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE Q - FUTURE ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Municipal Taxes				
Gaming	\$ 7,350,000	7,100,000	7,007,287	(92,713)
Utilities gross receipts	5,420,000	5,620,000	5,793,197	173,197
Sales tax	4,400,000	4,700,000	4,789,043	89,043
Sales tax - public safety	1,350,000	1,350,000	1,502,518	152,518
Cigarette	70,000	60,000	60,333	333
Gasoline and motor vehicle tax	1,080,000	1,080,000	1,106,143	26,143
County road refund	950,000	950,000	1,078,277	128,277
Total Municipal Taxes	<u>20,620,000</u>	<u>20,860,000</u>	<u>21,336,798</u>	<u>476,798</u>
Licenses, Permits, Fines, and Fees				
Court fines and fees	1,200,000	1,200,000	1,221,765	21,765
Merchant licenses	630,000	600,000	609,583	9,583
Charges for services	975,000	1,175,000	1,100,270	(74,730)
Cable TV franchise	400,000	350,000	339,269	(10,731)
Total Licenses, Permits, Fines, And Fees	<u>3,205,000</u>	<u>3,325,000</u>	<u>3,270,887</u>	<u>(54,113)</u>
Intergovernmental	<u>427,600</u>	<u>427,600</u>	<u>462,941</u>	<u>35,341</u>
Investment Income	<u>350,000</u>	<u>450,000</u>	<u>894,200</u>	<u>444,200</u>
Other				
Miscellaneous	110,000	160,000	167,618	7,618
Total Revenues	<u>24,712,600</u>	<u>25,222,600</u>	<u>26,132,444</u>	<u>909,844</u>
EXPENDITURES				
Legislative				
Mayor's office	29,915	29,915	26,203	(3,712)
City council	142,955	142,955	122,216	(20,739)
Total Legislative	<u>172,870</u>	<u>172,870</u>	<u>148,419</u>	<u>(24,451)</u>
General Administration				
City clerk	377,222	387,622	387,067	(555)
Legal services	308,764	344,764	339,972	(4,792)
City administrator's office	405,684	405,684	311,450	(94,234)
Human resources	281,299	336,299	333,732	(2,567)

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
General Administration (Continued)				
Communications	258,181	258,181	224,753	(33,428)
Central services	89,425	89,425	87,156	(2,269)
Risk management	445,000	445,000	430,673	(14,327)
Total General Administration	<u>2,165,575</u>	<u>2,266,975</u>	<u>2,114,803</u>	<u>(152,172)</u>
Finance and Accounting				
Finance	477,334	477,334	470,222	(7,112)
Geographic information services	238,321	238,321	218,602	(19,719)
Information technology	872,433	872,433	760,799	(111,634)
Total Finance And Accounting	<u>1,588,088</u>	<u>1,588,088</u>	<u>1,449,623</u>	<u>(138,465)</u>
Community Development				
Community development administration	361,789	361,789	331,562	(30,227)
Inspections	1,395,321	1,395,321	1,349,767	(45,554)
Economic development	134,767	254,767	55,037	(199,730)
Total Community Development	<u>1,891,877</u>	<u>2,011,877</u>	<u>1,736,366</u>	<u>(275,511)</u>
Public Works				
Administration and engineering	367,768	367,768	354,185	(13,583)
Roads and bridges	1,967,547	1,967,547	1,845,781	(121,766)
Trash hauling	1,949,709	1,949,709	1,948,268	(1,441)
Vehicle and equipment maintenance	509,452	509,452	461,237	(48,215)
Storm water	586,714	586,714	575,295	(11,419)
Total Public Works	<u>5,381,190</u>	<u>5,381,190</u>	<u>5,184,766</u>	<u>(196,424)</u>
Police Services				
Police administration	375,709	375,709	347,051	(28,658)
Patrol	6,533,908	6,533,908	6,435,208	(98,700)
Investigations	1,629,295	1,629,295	1,569,542	(59,753)
Communications	1,061,677	1,061,677	1,058,178	(3,499)
Community services	1,116,406	1,116,406	1,080,359	(36,047)
Community response unit	1,400,745	1,400,745	1,174,026	(226,719)
Police records	190,545	190,545	168,021	(22,524)
Total Police Services	<u>12,308,285</u>	<u>12,308,285</u>	<u>11,832,385</u>	<u>(475,900)</u>

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)				
Judicial				
Municipal court	348,213	348,213	337,195	(11,018)
Parks and Recreation				
Government center maintenance	652,246	652,246	618,504	(33,742)
Human Services				
Total Expenditures	225,000	225,000	217,161	(7,839)
	24,733,344	24,954,744	23,639,222	(1,315,522)
REVENUES OVER (UNDER) EXPENDITURES				
	(20,744)	267,856	2,493,222	2,225,366
OTHER FINANCING SOURCES				
Transfers in	100,000	100,000	100,000	-
Insurance reimbursements	-	-	36,105	36,105
Sale of capital assets	-	-	46,065	46,065
Total Other Financing Sources	100,000	100,000	182,170	82,170
NET CHANGE IN FUND BALANCE	\$ 79,256	367,856	2,675,392	2,307,536
FUND BALANCE, JANUARY 1			26,889,090	
FUND BALANCE, DECEMBER 31			\$ 29,564,482	

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL PARK FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Municipal taxes:				
Sales	\$ 4,400,000	4,600,000	4,782,525	182,525
Charges for services	1,933,900	1,933,900	2,098,383	164,483
Intergovernmental	250,000	250,000	-	(250,000)
Other	10,000	10,000	4	(9,996)
Total Revenues	6,593,900	6,793,900	6,880,912	87,012
EXPENDITURES				
Parks and Recreation				
Park administration	254,757	254,757	249,892	(4,865)
Recreation	2,661,513	2,561,513	2,215,145	(346,368)
Community Center maintenance	890,870	840,870	752,207	(88,663)
Aquaport	618,586	618,586	573,588	(44,998)
Park maintenance	1,043,044	1,018,044	891,611	(126,433)
Park capital project	740,000	840,000	255,407	(584,593)
Total Expenditures	6,208,770	6,133,770	4,937,850	(1,195,920)
REVENUES OVER EXPENDITURES	385,130	660,130	1,943,062	1,282,932
OTHER FINANCING USES				
Transfers out	(1,085,000)	(1,085,000)	(1,085,000)	-
NET CHANGE IN FUND BALANCE	\$ (699,870)	(424,870)	858,062	1,282,932
FUND BALANCE, JANUARY 1			5,578,984	
FUND BALANCE, DECEMBER 31			\$ 6,437,046	

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY BASIS OF ACCOUNTING
FOR THE YEAR ENDED DECEMBER 31, 2018

The budget is prepared on the modified accrual basis, except that encumbrances and advances to other funds are reflected as expenditures for budget purposes and General Fund investments are carried at cost. Adjustments necessary to convert the results of operations and fund balances at the end of the year on the modified accrual basis (accounting principles generally accepted in the United States of America (GAAP) basis) to the budget are as follows:

	Governmental Fund Types			
	General	Special Park	Capital Improvements	Nonmajor
Fund balances:				
GAAP basis	\$ 29,444,223	6,525,820	8,973,790	7,929,757
Encumbrances outstanding at:				
December 31, 2018	(130,135)	(88,774)	(720,182)	(13,368)
Investments, FMV adjustment	250,394	-	-	-
Budget Basis	<u>\$ 29,564,482</u>	<u>6,437,046</u>	<u>8,253,608</u>	<u>7,916,389</u>
Net change in fund balances:				
GAAP basis	\$ 2,689,501	946,836	(5,014,513)	1,922,640
Encumbrances outstanding at:				
December 31, 2017	68,337	-	2,245,643	72,758
December 31, 2018	(130,135)	(88,774)	(720,182)	(13,368)
Investment, FMV adjustment	47,689	-	-	-
Budget Basis	<u>\$ 2,675,392</u>	<u>858,062</u>	<u>(3,489,052)</u>	<u>1,982,030</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY DATA
FOR THE YEAR ENDED DECEMBER 31, 2018

EXPLANATION OF BUDGETARY PROCESS

City ordinances require a legally adopted annual budget be prepared for the General Fund, all Special Revenue Funds (except the Employee Supplemental Benefits Special Revenue Fund), and all Capital Projects Funds. The City Administrator compiles a budget of estimated revenues and expenditures for the City and submits the budget to the City Council prior to January 1 each year. Copies of the proposed budget are made available for public inspection in the office of the City Clerk for at least 10 days prior to passage of the budget. At least one public hearing is held on the budget by the City Council. Notice of the hearing is given by publication in a newspaper with general circulation in the City.

The legal level of budgetary control for the General Fund's original adopted annual budget is defined as the budgeted appropriation amount at the program level of expenditures within a department (e.g., finance and accounting) of the General Fund.

Subsequent transfers within the General Fund budget may be made as follows:

- With the approval of the Finance Director and the City Administrator, department heads may transfer amounts up to \$12,000 between programs within a department of the General Fund.
- City Council approval is required for all other transfer amounts.

The legal level of budgetary control for the original adopted annual budget of all other funds is defined as the budgeted appropriation amount at the program level within a fund.

Subsequent transfers within these funds' budgets may be made as follows:

- With approval of the Finance Director and the City Administrator, department heads may transfer amounts up to \$12,000 between programs within a department.
- City Council approval is required for all other transfer amounts.

Unencumbered appropriations lapse at year-end. Supplemental appropriations can be made with the majority vote of the City Council.

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 1,465,806	1,494,988	1,456,520	1,483,439
Interest on total pension liability	2,819,289	2,617,949	2,273,295	2,138,745
Difference between expected and actual experience	312,342	(483,015)	19,656	(1,325,737)
Assumption changes	-	(508,187)	2,020,765	-
Benefit payments, including refunds	(886,417)	(697,630)	(456,978)	(398,782)
Net Change In Total Pension Liability	<u>3,711,020</u>	<u>2,424,105</u>	<u>5,313,258</u>	<u>1,897,665</u>
 Total Pension Liability Beginning	<u>38,602,117</u>	<u>36,178,012</u>	<u>30,864,754</u>	<u>28,967,089</u>
 Total Pension Liability Ending (a)	<u><u>\$ 42,313,137</u></u>	<u><u>38,602,117</u></u>	<u><u>36,178,012</u></u>	<u><u>30,864,754</u></u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 1,712,322	1,700,243	1,698,491	1,766,469
Contributions - employee	73,516	-	-	-
Net investment income	4,818,840	4,103,673	(115,726)	580,792
Benefit payments, including refunds	(886,417)	(697,630)	(456,978)	(398,782)
Administrative expense	(23,311)	(22,002)	(21,209)	(22,744)
Other changes	(58,596)	476,721	(23,276)	1,050,917
Net Change In Plan Fiduciary Net Position	<u>5,636,354</u>	<u>5,561,005</u>	<u>1,081,302</u>	<u>2,976,652</u>
 Plan Fiduciary Net Position Beginning	<u>38,248,103</u>	<u>32,687,098</u>	<u>31,605,796</u>	<u>28,629,144</u>
 Plan Fiduciary Net Position Ending (b)	<u><u>\$ 43,884,457</u></u>	<u><u>38,248,103</u></u>	<u><u>32,687,098</u></u>	<u><u>31,605,796</u></u>
 Net Pension Liability (Asset) Ending (a)-(b)	<u><u>\$ (1,571,320)</u></u>	<u><u>354,014</u></u>	<u><u>3,490,914</u></u>	<u><u>(741,042)</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.71 %	99.08	90.35	102.40
 Covered Payroll (for February 28/29 Valuation)	\$ 12,978,819	12,495,862	12,799,784	12,721,041
 Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.11) %	2.83	27.27	(5.83)

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

CITY OF MARYLAND HEIGHTS
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined pension contribution	\$ 1,737,733	1,690,831	1,604,465	1,823,010	1,784,951	1,758,417	1,803,059	1,733,476	1,791,337	1,629,847
Contributions in relation to the actuarially determined contribution	<u>1,737,734</u>	<u>1,690,831</u>	<u>1,604,466</u>	<u>1,823,010</u>	<u>1,784,951</u>	<u>1,758,417</u>	<u>1,803,059</u>	<u>1,733,477</u>	<u>1,767,039</u>	<u>1,629,848</u>
Contribution Deficiency	<u>\$ (1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>24,298</u>	<u>(1)</u>
Covered Payroll	\$ 13,217,544	12,653,345	12,891,291	13,262,272	12,456,567	12,122,764	12,191,005	11,912,688	12,149,139	12,030,308
Contributions as a Percentage of Covered Payroll	13.15 %	13.36	12.45	13.75	14.33	14.51	14.79	14.55	14.54	13.55

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Multiple bases from 15 to 20 years
5 years smoothed market; 20% corridor
3.25% wage inflation; 2.50% price inflation
3.25% to 6.55%; including wage inflation
7.25%, net of investment expenses
Experience-based table of rates that are specific to the type of eligibility condition
The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31

	2018
Total OPEB Liability	
Service cost	\$ 107,764
Interest on total OPEB liability	154,731
Benefit payments	(39,975)
Net Change In Total OPEB Liability	222,520
Total OPEB Liability Beginning	2,643,173
Total OPEB Liability Ending (a)	\$ 2,865,693
 Plan Fiduciary Net Position	
Net investment income	\$ (213,316)
Benefit payments, including refunds	(39,975)
Net Change In Plan Fiduciary Net Position	(253,291)
Plan Fiduciary Net Position Beginning	3,806,645
Plan Fiduciary Net Position Ending (b)	\$ 3,553,354
 Net OPEB Liability (Asset) Ending (a)-(b)	\$ (687,661)
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	124.00 %
 Covered Payroll	\$ 13,039,071
 Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(5.27) %

Notes:

Information is not available for fiscal years prior to 2018.

CITY OF MARYLAND HEIGHTS, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF OPEB CONTRIBUTIONS
AND INVESTMENT RETURNS
LAST FISCAL YEAR

	2018
Schedule of OPEB Contributions	
Actuarially determined OPEB contributions	\$ 41,119
Contributions in relation to the actuarially determined contributions	(39,975)
Contribution Deficiency (Excess)	\$ 1,144
Covered Payroll	\$ 13,039,071
Contributions as a Percentage of Covered Payroll	(0.31) %
Annual Money-Weighted Rate of Return, Net of Investment Expenses	(5.6) %

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Streetlight Fund -- This fund is used to account for the fund's share of utility gross receipts taxes that are to be used for the acquisition and maintenance of the City's street lighting.

Tourism Tax Fund -- This fund is used to account for the receipts of the City's hotel/motel tax that was approved by voters in 2001. These receipts are to be used to promote tourism.

Police Forfeitures Fund -- This fund is used to account for monies received or other assets forfeited to the City as a result of judgments in certain court cases. These resources will be used in connection with police programs.

Sewer Lateral Fund -- This fund was established in 2000 to account for the revenues generated by a fee charged to all eligible residential property taxpayers within the City, which is used to pay for the repair of certain damaged residential sewer lateral lines.

Police Training Fund -- This fund was established in 2002 to account for funding provided by the State of Missouri for the police training program.

Beautification Fund -- This fund was established in 2005 to account for the receipts of the billboard license's tax approved by voters in 2004. These receipts are to be used for certain beautification improvements to public right-of-ways.

South Heights TIF Fund -- This fund accounts for payments in lieu of taxes and the incremental economic activity taxes received in the South Heights TIF District as required by state statute.

Dorsett TIF Fund -- This fund accounts for the payments in lieu of taxes and the incremental economic activity taxes received in the Dorsett Road TIF District as required by state statutes.

Westport Plaza TIF Fund -- This fund accounts for the payments in lieu of taxes and the incremental economic activity taxes received in the Westport Plaza TIF District as required by state statutes.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Community Center Construction Fund -- This fund accounts for the construction of a new community center and related revenues and other sources of funds.

DEBT SERVICES FUNDS

Community Center Debt Service Fund -- This fund is used to accumulate resources to pay debt service requirements for the 2015 certificates of participation.

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR FUNDS
DECEMBER 31, 2018

	<u>Street- light</u>	<u>Tourism Tax</u>	<u>Police Forfeitures</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Beautifi- cation</u>	<u>South Heights TIF</u>
ASSETS							
Cash and investments	\$2,034,122	-	583,703	619,375	35,203	40,149	12,918
Cash and investments - restricted	-	-	-	-	-	-	-
Accounts receivable:							
Municipal taxes	<u>85,564</u>	<u>82,108</u>	<u>-</u>	<u>86,986</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$2,119,686</u></u>	<u><u>82,108</u></u>	<u><u>583,703</u></u>	<u><u>706,361</u></u>	<u><u>35,203</u></u>	<u><u>40,149</u></u>	<u><u>12,918</u></u>
LIABILITIES							
Accounts payable	\$ 36,527	-	995	33,298	5	4,500	-
Due to other funds	-	30,309	-	-	-	-	-
Unearned revenue	1,292	-	-	-	-	-	-
Total Liabilities	<u>37,819</u>	<u>30,309</u>	<u>995</u>	<u>33,298</u>	<u>5</u>	<u>4,500</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>41,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	-	-
Police forfeitures	-	-	582,708	-	-	-	-
Sewer lateral	-	-	-	673,063	-	-	-
Police training	-	-	-	-	35,198	-	-
Beautification	-	-	-	-	-	35,649	-
Tax increment funds	-	-	-	-	-	-	12,918
Tourism tax	-	51,799	-	-	-	-	-
Committed for:							
Streetlighting	2,040,505	-	-	-	-	-	-
Total Fund Balances	<u>2,040,505</u>	<u>51,799</u>	<u>582,708</u>	<u>673,063</u>	<u>35,198</u>	<u>35,649</u>	<u>12,918</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u><u>\$2,119,686</u></u>	<u><u>82,108</u></u>	<u><u>583,703</u></u>	<u><u>706,361</u></u>	<u><u>35,203</u></u>	<u><u>40,149</u></u>	<u><u>12,918</u></u>

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR FUNDS (Continued)
DECEMBER 31, 2018

	<u>Dorsett TIF</u>	<u>Westport Plaza TIF</u>	<u>Special Revenue Total</u>	<u>Community Center Construction</u>	<u>Community Center Debt Service</u>	<u>Total</u>
ASSETS						
Cash and investments	527,660	3,327,743	7,180,873	-	20,938	7,201,811
Cash and investments - restricted	-	-	-	-	181	181
Accounts receivable:						
Municipal taxes	96,792	526,747	878,197	-	-	878,197
Total Assets	<u>624,452</u>	<u>3,854,490</u>	<u>8,059,070</u>	<u>-</u>	<u>21,119</u>	<u>8,080,189</u>
LIABILITIES						
Accounts payable	-	-	75,325	-	-	75,325
Due to other funds	-	-	30,309	-	-	30,309
Unearned revenue	-	-	1,292	-	-	1,292
Total Liabilities	<u>-</u>	<u>-</u>	<u>106,926</u>	<u>-</u>	<u>-</u>	<u>106,926</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	2,144	-	43,506	-	-	43,506
FUND BALANCES						
Restricted for:						
Debt service	-	-	-	-	21,119	21,119
Police forfeitures	-	-	582,708	-	-	582,708
Sewer lateral	-	-	673,063	-	-	673,063
Police training	-	-	35,198	-	-	35,198
Beautification	-	-	35,649	-	-	35,649
Tax increment funds	622,308	3,854,490	4,489,716	-	-	4,489,716
Tourism Tax	-	-	51,799	-	-	51,799
Committed for:						
Streetlighting	-	-	2,040,505	-	-	2,040,505
Total Fund Balances	<u>622,308</u>	<u>3,854,490</u>	<u>7,908,638</u>	<u>-</u>	<u>21,119</u>	<u>7,929,757</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>624,452</u>	<u>3,854,490</u>	<u>8,059,070</u>	<u>-</u>	<u>21,119</u>	<u>8,080,189</u>

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Street- light</u>	<u>Tourism Tax</u>	<u>Police Forfeitures</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Beautifi- cation</u>	<u>South Heights TIF</u>
REVENUES							
Municipal taxes	\$ 579,320	371,799	-	372,772	-	10,418	2,185,533
Intergovernmental	-	-	521,374	-	7,151	-	-
Investment income	-	-	9,827	-	-	-	16,505
Other	-	-	-	-	-	-	1,284,787
Total Revenues	<u>579,320</u>	<u>371,799</u>	<u>531,201</u>	<u>372,772</u>	<u>7,151</u>	<u>10,418</u>	<u>3,486,825</u>
EXPENDITURES							
Current:							
General administration	-	-	-	-	-	-	-
Community development	-	374,474	-	-	-	4,944	85,807
Public works	451,978	-	-	208,230	-	-	-
Police services	-	-	95,074	-	8,067	-	-
Capital outlay	5,719	-	-	-	-	5,466	-
Debt service:							
Principal	-	-	-	-	-	-	4,215,000
Interest	-	-	-	-	-	-	295,050
Total Expenditures	<u>457,697</u>	<u>374,474</u>	<u>95,074</u>	<u>208,230</u>	<u>8,067</u>	<u>10,410</u>	<u>4,595,857</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>121,623</u>	<u>(2,675)</u>	<u>436,127</u>	<u>164,542</u>	<u>(916)</u>	<u>8</u>	<u>(1,109,032)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Notes issued	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	121,623	(2,675)	436,127	164,542	(916)	8	(1,109,032)
FUND BALANCES, JANUARY 1	<u>1,918,882</u>	<u>54,474</u>	<u>146,581</u>	<u>508,521</u>	<u>36,114</u>	<u>35,641</u>	<u>1,121,950</u>
FUND BALANCES, DECEMBER 31	<u>\$ 2,040,505</u>	<u>51,799</u>	<u>582,708</u>	<u>673,063</u>	<u>35,198</u>	<u>35,649</u>	<u>12,918</u>

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Dorsett TIF	Westport Plaza TIF	Special Revenue Total	Community Center Construction	Community Center Debt Service	Total
REVENUES						
Municipal taxes	233,932	3,004,468	6,758,242	-	-	6,758,242
Intergovernmental	-	-	528,525	-	-	528,525
Investment income	-	-	26,332	-	348	26,680
Other	-	-	1,284,787	-	-	1,284,787
Total Revenues	<u>233,932</u>	<u>3,004,468</u>	<u>8,597,886</u>	<u>-</u>	<u>348</u>	<u>8,598,234</u>
EXPENDITURES						
Current:						
General administration	-	-	-	-	1,940	1,940
Community development	33,235	19,200,000	19,698,460	-	-	19,698,460
Public works	-	-	660,208	-	-	660,208
Police services	-	-	103,141	-	-	103,141
Capital outlay	-	-	11,185	60,488	-	71,673
Debt service:						
Principal	-	-	4,215,000	-	625,000	4,840,000
Interest	-	-	295,050	-	352,683	647,733
Total Expenditures	<u>33,235</u>	<u>19,200,000</u>	<u>24,983,044</u>	<u>60,488</u>	<u>979,623</u>	<u>26,023,155</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>200,697</u>	<u>(16,195,532)</u>	<u>(16,385,158)</u>	<u>(60,488)</u>	<u>(979,275)</u>	<u>(17,424,921)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	985,000	985,000
Transfers out	-	-	-	(837,439)	-	(837,439)
Notes issued	-	19,200,000	19,200,000	-	-	19,200,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>19,200,000</u>	<u>19,200,000</u>	<u>(837,439)</u>	<u>985,000</u>	<u>19,347,561</u>
NET CHANGE IN FUND BALANCES	200,697	3,004,468	2,814,842	(897,927)	5,725	1,922,640
FUND BALANCES, JANUARY 1	<u>421,611</u>	<u>850,022</u>	<u>5,093,796</u>	<u>897,927</u>	<u>15,394</u>	<u>6,007,117</u>
FUND BALANCES, DECEMBER 31	<u><u>622,308</u></u>	<u><u>3,854,490</u></u>	<u><u>7,908,638</u></u>	<u><u>-</u></u>	<u><u>21,119</u></u>	<u><u>7,929,757</u></u>

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Streetlight			Tourism Tax			Police Forfeitures		
	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget
REVENUES									
Municipal taxes	\$ 542,000	579,320	37,320	320,000	371,799	51,799	-	-	-
Intergovernmental	-	-	-	-	-	-	500,000	521,374	21,374
Investment income	-	-	-	-	-	-	-	9,827	9,827
Unspent encumbrances	-	22,529	22,529	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	<u>542,000</u>	<u>601,849</u>	<u>59,849</u>	<u>320,000</u>	<u>371,799</u>	<u>51,799</u>	<u>500,000</u>	<u>531,201</u>	<u>31,201</u>
EXPENDITURES									
Current:									
Community development:									
Beautification	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	374,474	374,474	-	-	-	-
Public works:									
Streetlight	484,700	451,978	(32,722)	-	-	-	-	-	-
Sewer lateral	-	-	-	-	-	-	-	-	-
Public works projects:									
Streetlighting	78,000	15,196	(62,804)	-	-	-	-	-	-
Police services	-	-	-	-	-	-	108,100	79,121	(28,979)
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Trustee fees	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>562,700</u>	<u>467,174</u>	<u>(95,526)</u>	<u>374,474</u>	<u>374,474</u>	<u>-</u>	<u>108,100</u>	<u>79,121</u>	<u>(28,979)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,700)</u>	<u>134,675</u>	<u>155,375</u>	<u>(54,474)</u>	<u>(2,675)</u>	<u>51,799</u>	<u>391,900</u>	<u>452,080</u>	<u>60,180</u>
OTHER FINANCING SOURCES									
Notes issued	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (20,700)</u>	<u>134,675</u>	<u>155,375</u>	<u>(54,474)</u>	<u>(2,675)</u>	<u>51,799</u>	<u>391,900</u>	<u>452,080</u>	<u>60,180</u>
FUND BALANCES, JANUARY 1		<u>1,896,353</u>			<u>54,474</u>			<u>126,737</u>	
FUND BALANCES, DECEMBER 31		<u>\$ 2,031,028</u>			<u>51,799</u>			<u>578,817</u>	

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Sewer Lateral			Police Training			Beautification		
	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget
REVENUES									
Municipal taxes	355,000	372,772	17,772	-	-	-	11,000	10,418	(582)
Intergovernmental	-	-	-	13,000	7,151	(5,849)	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Unspent encumbrances	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	<u>355,000</u>	<u>372,772</u>	<u>17,772</u>	<u>13,000</u>	<u>7,151</u>	<u>(5,849)</u>	<u>11,000</u>	<u>10,418</u>	<u>(582)</u>
EXPENDITURES									
Current:									
Community development:									
Beautification	-	-	-	-	-	-	16,650	10,410	(6,240)
Economic development	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-
Public works:									
Streetlight	-	-	-	-	-	-	-	-	-
Sewer lateral	250,000	208,230	(41,770)	-	-	-	-	-	-
Public works projects:									
Streetlighting	-	-	-	-	-	-	-	-	-
Police services	-	-	-	27,200	8,067	(19,133)	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Trustee fees	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>250,000</u>	<u>208,230</u>	<u>(41,770)</u>	<u>27,200</u>	<u>8,067</u>	<u>(19,133)</u>	<u>16,650</u>	<u>10,410</u>	<u>(6,240)</u>
REVENUES OVER (UNDER) EXPENDITURES	105,000	164,542	59,542	(14,200)	(916)	13,284	(5,650)	8	5,658
OTHER FINANCING SOURCES									
Notes issued	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>105,000</u>	<u>164,542</u>	<u>59,542</u>	<u>(14,200)</u>	<u>(916)</u>	<u>13,284</u>	<u>(5,650)</u>	<u>8</u>	<u>5,658</u>
FUND BALANCES, JANUARY 1		<u>508,521</u>			<u>36,114</u>			<u>35,641</u>	
FUND BALANCES, DECEMBER 31		<u><u>673,063</u></u>			<u><u>35,198</u></u>			<u><u>35,649</u></u>	

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	South Heights TIF			Dorsett TIF			Westport Plaza TIF		
	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget
REVENUES									
Municipal taxes	2,185,000	2,185,533	533	150,000	233,932	83,932	-	3,004,468	3,004,468
Intergovernmental	-	-	-	-	-	-	-	-	-
Investment income	-	16,505	16,505	-	-	-	-	-	-
Unspent encumbrances	-	-	-	-	-	-	-	-	-
Other	1,300,000	1,284,787	(15,213)	-	-	-	-	-	-
Total Revenues	<u>3,485,000</u>	<u>3,486,825</u>	<u>1,825</u>	<u>150,000</u>	<u>233,932</u>	<u>83,932</u>	<u>-</u>	<u>3,004,468</u>	<u>3,004,468</u>
EXPENDITURES									
Current:									
Community development:									
Beautification	-	-	-	-	-	-	-	-	-
Economic development	90,000	85,807	(4,193)	150,000	33,235	(116,765)	-	19,200,000	19,200,000
Tourism	-	-	-	-	-	-	-	-	-
Public works:									
Streetlight	-	-	-	-	-	-	-	-	-
Sewer lateral	-	-	-	-	-	-	-	-	-
Public works projects:									
Streetlighting	-	-	-	-	-	-	-	-	-
Police services	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	4,215,000	4,215,000	-	-	-	-	-	-	-
Interest	300,000	295,050	(4,950)	-	-	-	-	-	-
Trustee fees	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>4,605,000</u>	<u>4,595,857</u>	<u>(9,143)</u>	<u>150,000</u>	<u>33,235</u>	<u>(116,765)</u>	<u>-</u>	<u>19,200,000</u>	<u>19,200,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,120,000)</u>	<u>(1,109,032)</u>	<u>10,968</u>	<u>-</u>	<u>200,697</u>	<u>200,697</u>	<u>-</u>	<u>(16,195,532)</u>	<u>(16,195,532)</u>
OTHER FINANCING SOURCES									
Notes issued	-	-	-	-	-	-	-	19,200,000	19,200,000
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,200,000</u>	<u>19,200,000</u>
NET CHANGE IN FUND BALANCES	<u>(1,120,000)</u>	<u>(1,109,032)</u>	<u>10,968</u>	<u>-</u>	<u>200,697</u>	<u>200,697</u>	<u>-</u>	<u>3,004,468</u>	<u>3,004,468</u>
FUND BALANCES, JANUARY 1		<u>1,121,950</u>			<u>421,611</u>			<u>850,022</u>	
FUND BALANCES, DECEMBER 31		<u><u>12,918</u></u>			<u><u>622,308</u></u>			<u><u>3,854,490</u></u>	

(Continued)

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community Center Construction			Community Center Debt Service			Total Nonmajor Funds		
	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget	Revised Budget	Actual	Over (Under) Budget
REVENUES									
Municipal taxes	-	-	-	-	-	-	3,563,000	6,758,242	3,195,242
Intergovernmental	-	-	-	-	-	-	513,000	528,525	15,525
Investment income	-	-	-	-	348	348	-	26,680	26,680
Unspent encumbrances	-	-	-	-	-	-	-	22,529	22,529
Other	-	-	-	-	-	-	1,300,000	1,284,787	(15,213)
Total Revenues	-	-	-	-	348	348	5,376,000	8,620,763	3,244,763
EXPENDITURES									
Current:									
Community development:									
Beautification	-	-	-	-	-	-	16,650	10,410	(6,240)
Economic development	-	-	-	-	-	-	240,000	19,319,042	19,079,042
Tourism	-	-	-	-	-	-	374,474	374,474	-
Public works:									
Streetlight	-	-	-	-	-	-	484,700	451,978	(32,722)
Sewer lateral	-	-	-	-	-	-	250,000	208,230	(41,770)
Public works projects:									
Streetlighting	-	-	-	-	-	-	78,000	15,196	(62,804)
Police services	-	-	-	-	-	-	135,300	87,188	(48,112)
Capital outlay	31,000	30,103	(897)	-	-	-	31,000	30,103	(897)
Debt service:									
Principal	-	-	-	625,000	625,000	-	4,840,000	4,840,000	-
Interest	-	-	-	353,000	352,683	(317)	653,000	647,733	(5,267)
Trustee fees	-	-	-	7,000	1,940	(5,060)	7,000	1,940	(5,060)
Total Expenditures	31,000	30,103	(897)	985,000	979,623	(5,377)	7,110,124	25,986,294	18,876,170
REVENUES OVER (UNDER) EXPENDITURES	<u>(31,000)</u>	<u>(30,103)</u>	<u>897</u>	<u>(985,000)</u>	<u>(979,275)</u>	<u>5,725</u>	<u>(1,734,124)</u>	<u>(17,365,531)</u>	<u>(15,631,407)</u>
OTHER FINANCING SOURCES (USES)									
Notes issued	-	-	-	-	-	-	-	19,200,000	19,200,000
Transfers in	-	-	-	985,000	985,000	-	985,000	985,000	-
Transfers out	(870,000)	(837,439)	32,561	-	-	-	(870,000)	(837,439)	(32,561)
Total Other Financing Sources (Uses)	<u>(870,000)</u>	<u>(837,439)</u>	<u>32,561</u>	<u>985,000</u>	<u>985,000</u>	<u>-</u>	<u>115,000</u>	<u>19,347,561</u>	<u>(19,232,561)</u>
NET CHANGE IN FUND BALANCES	<u>(901,000)</u>	<u>(867,542)</u>	<u>33,458</u>	<u>-</u>	<u>5,725</u>	<u>5,725</u>	<u>(1,619,124)</u>	<u>1,982,030</u>	<u>3,601,154</u>
FUND BALANCES, JANUARY 1		<u>867,542</u>			<u>15,394</u>			<u>5,934,359</u>	
FUND BALANCES, DECEMBER 31		<u>-</u>			<u>21,119</u>			<u>7,916,389</u>	

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS MAJOR FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Revised Budget	Actual	Over (Under) Budget
REVENUES			
Municipal taxes - gaming	\$ 3,050,000	3,003,123	(46,877)
Intergovernmental	1,000,000	896,009	(103,991)
Unspent encumbrances	-	385,862	385,862
Miscellaneous	-	9,075	9,075
Total Revenues	4,050,000	4,294,069	244,069
EXPENDITURES			
Capital projects:			
Capital projects management	228,195	225,790	(2,405)
Annual slab/sidewalk replacement	1,100,000	992,810	(107,190)
Right-of-way enhancement program	75,000	74,475	(525)
Public works capital equipment	175,000	165,216	(9,784)
Park signage	132,000	131,711	(289)
Software upgrades	88,000	63,042	(24,958)
McKelvey Road (Ameling to bridge)	8,000	-	(8,000)
Delord Ave (Delord to Harding)	340,000	338,225	(1,775)
Sidewalk construction	370,000	341,377	(28,623)
Dorsett Road great streets implementation	70,000	63,741	(6,259)
Grissom Drive	50,000	20,340	(29,660)
Community Center improvements	50,000	49,256	(744)
Creve Coeur Mill Road and storm water	4,000	3,100	(900)
Maryland Park Lake District	80,000	78,861	(1,139)
Rose Acres Tributary	840,000	150	(839,850)
Daley/Broadview/Gill	800,000	2,202	(797,798)
Project monitoring	25,000	8,121	(16,879)
Small storm water projects	400,000	2,540	(397,460)
12271 Spring Place Ct.	250,000	140,850	(109,150)
12294 Autumn Hill Ct.	55,000	43,463	(11,537)
Regional Hiking/Biking Trail System	1,000	650	(350)
Total Expenditures	5,141,195	2,745,920	(2,395,275)
REVENUES OVER (UNDER) EXPENDITURES	(1,091,195)	1,548,149	2,639,344
OTHER FINANCING SOURCES (USES)			
Transfers in	870,000	837,439	(32,561)
Transfers out	(5,900,000)	(5,874,640)	25,360
Total Other Financing Sources (Uses)	(5,030,000)	(5,037,201)	(7,201)
NET CHANGE IN FUND BALANCE	\$ (6,121,195)	(3,489,052)	2,632,143
FUND BALANCE, JANUARY 1		11,742,660	
FUND BALANCE, DECEMBER 31		\$ 8,253,608	

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND TYPES

The Agency Fund is used to account for assets held by the City in a trustee capacity.

CITY OF MARYLAND HEIGHTS, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance December 31 2017	Additions	Deletions	Balance December 31 2018
ASSETS				
Cash	<u>\$ 1,060,483</u>	<u>545,094</u>	<u>817,121</u>	<u>788,456</u>
 LIABILITIES				
Accounts payable	\$ 11,575	602,496	613,871	200
Deposits held for others	<u>1,048,908</u>	<u>544,543</u>	<u>805,195</u>	<u>788,256</u>
Total Liabilities	<u>\$ 1,060,483</u>	<u>1,147,039</u>	<u>1,419,066</u>	<u>788,456</u>

SECTION III - STATISTICAL SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI

STATISTICAL

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City’s overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	82 - 86
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	87 - 91
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	92 - 95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	96 - 97
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	98 - 100

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MARYLAND HEIGHTS, MISSOURI

Net Position By Component

Last Ten Fiscal Years
(Accrual basis of accounting)

	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 111,096,079	118,000,485	123,613,819	125,459,752	127,128,526	128,450,335	128,803,131	138,230,734	145,517,057	143,495,136
Restricted for debt service	1,439,637	1,472,669	1,534,492	1,526,465	1,471,964	1,441,120	1,455,366	1,469,745	15,501	21,119
Restricted for other purposes	5,010,742	4,469,619	7,197,959	5,888,292	5,361,505	5,727,683	6,330,936	4,097,562	3,799,853	6,349,224
Unrestricted	<u>27,373,701</u>	<u>25,313,159</u>	<u>29,269,007</u>	<u>34,527,121</u>	<u>37,508,623</u>	<u>38,071,760</u>	<u>43,027,838</u>	<u>41,886,551</u>	<u>46,014,976</u>	<u>29,609,494</u>
Total Governmental Activities	<u>\$ 144,920,159</u>	<u>149,255,932</u>	<u>161,615,277</u>	<u>167,401,630</u>	<u>171,470,618</u>	<u>173,690,898</u>	<u>179,617,271</u>	<u>185,684,592</u>	<u>195,347,387</u>	<u>179,474,973</u>
Business-type activities										
Net investment in capital assets	\$ -	-	-	-	-	-	-	-	-	11,790,962
Restricted for debt service	-	-	-	-	-	-	-	-	-	3,542,482
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,225,307</u>
Total Business-type Activities	<u>\$ -</u>	<u>-</u>	<u>19,558,751</u>							
Primary Government										
Net investment in capital assets	\$ 111,096,079	118,000,485	123,613,819	125,459,752	127,128,526	128,450,335	128,803,131	138,230,734	145,517,057	155,286,098
Restricted for debt service	1,439,637	1,472,669	1,534,492	1,526,465	1,471,964	1,441,120	1,455,366	1,469,745	15,501	3,563,601
Restricted for other purposes	5,010,742	4,469,619	7,197,959	5,888,292	5,361,505	5,727,683	6,330,936	4,097,562	3,799,853	6,349,224
Unrestricted	<u>27,373,701</u>	<u>25,313,159</u>	<u>29,269,007</u>	<u>34,527,121</u>	<u>37,508,623</u>	<u>38,071,760</u>	<u>43,027,838</u>	<u>41,886,551</u>	<u>46,014,976</u>	<u>33,834,801</u>
Total Primary Government	<u>\$ 144,920,159</u>	<u>149,255,932</u>	<u>161,615,277</u>	<u>167,401,630</u>	<u>171,470,618</u>	<u>173,690,898</u>	<u>179,617,271</u>	<u>185,684,592</u>	<u>195,347,387</u>	<u>199,033,724</u>

2012 was the first year of GASB 63 implementation. Prior years have not been restated.

2015 was the first year of GASB 68 implementation. Prior years have not been restated.

2018 was the first year of GASB 75 implementation. Prior years have not been restated.

During 2018, the City began construction and financing of the Community Ice Center through the Industrial Development Authority of the City of Maryland Heights. The Community Ice Center is a new enterprise fund for 2018.

CITY OF MARYLAND HEIGHTS, MISSOURI

Change In Net Position

Last Ten Fiscal Years
(Accrual basis of accounting)

	For The Years Ended December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities										
Legislative	\$ 143,972	139,354	151,333	146,509	154,813	149,994	148,426	196,712	160,774	148,419
General administration	2,250,674	2,257,650	2,115,259	2,115,459	2,213,776	2,389,179	2,257,387	2,429,857	2,685,671	2,705,950
Finance and accounting	1,219,325	1,324,808	1,285,228	1,281,654	1,442,245	1,570,216	1,391,851	1,439,402	1,349,977	1,499,165
Community development	1,832,914	1,930,471	2,159,549	2,096,746	1,877,219	2,150,241	2,284,715	2,133,831	2,278,066	21,439,615
Public works	14,003,476	14,331,035	9,225,177	10,432,409	10,581,228	10,996,220	9,914,314	10,330,201	10,140,858	11,093,581
Police services	9,684,851	9,755,323	9,964,544	10,041,388	10,185,805	10,707,304	9,970,794	11,049,136	10,760,469	11,415,708
Judicial	364,290	369,343	384,507	404,990	365,548	373,615	420,936	435,527	324,429	332,493
Parks and recreation	4,791,499	4,693,411	4,285,803	4,439,702	4,729,256	4,815,344	4,628,668	6,668,813	5,757,671	6,679,046
Human services	297,482	335,929	345,412	308,068	304,450	320,681	330,720	327,392	210,219	217,161
Interest and fiscal charges	1,631,219	1,262,272	1,206,319	1,044,816	953,942	858,825	1,415,025	1,004,432	825,972	707,799
Total Governmental Activities Expenses	36,219,702	36,399,596	31,123,131	32,311,741	32,808,282	34,331,619	32,762,836	36,015,303	34,494,106	56,238,937
Business-type Activities										
Community ice center	-	-	-	-	-	-	-	-	-	2,931,585
Total Primary Government Expenses	36,219,702	36,399,596	31,123,131	32,311,741	32,808,282	34,331,619	32,762,836	36,015,303	34,494,106	59,170,522
PROGRAM REVENUES										
Governmental Activities										
Charges for services:										
Community development	565,128	548,343	693,710	785,193	853,298	754,823	968,997	1,641,041	1,215,386	1,065,356
Public works	202,644	205,216	226,215	205,730	203,981	359,902	363,841	364,313	363,857	372,772
Police services	2,310,283	2,206,167	2,116,171	2,253,049	2,230,274	2,495,163	2,292,517	1,603,195	1,539,143	1,412,201
Judicial	225,844	212,139	226,722	232,470	196,005	209,128	163,763	100,127	91,623	88,033
Parks and recreation	1,245,044	1,456,294	1,176,732	1,194,566	1,113,024	1,115,734	1,243,308	903,828	1,511,650	2,098,383
Human services	58,111	34,442	41,404	47,464	-	-	-	-	-	-
Operating grants and contributions	2,322,738	2,381,866	2,324,220	2,300,350	2,278,440	2,186,616	2,194,906	2,177,867	2,201,262	2,860,670
Capital grants and contributions	4,681,889	2,008,578	5,718,036	692,983	1,452,327	298,273	870,588	4,782,425	5,481,297	905,084
Total Governmental Activities Program Revenues	11,611,681	9,053,045	12,523,210	7,711,805	8,327,349	7,419,639	8,097,920	11,572,796	12,404,218	8,802,499
Business-type Activities										
Capital grants and contributions	-	-	-	-	-	-	-	-	-	16,074,640
Total Primary Government Program Revenues	11,611,681	9,053,045	12,523,210	7,711,805	8,327,349	7,419,639	8,097,920	11,572,796	12,404,218	24,877,139
NET REVENUE (EXPENSES)										
Governmental activities	(24,608,021)	(27,346,551)	(18,599,921)	(24,599,936)	(24,480,933)	(26,911,980)	(24,664,916)	(24,442,507)	(22,089,888)	(47,436,438)
Business-type activities	-	-	-	-	-	-	-	-	-	13,143,055
Total Primary Government, Net Expenses	(24,608,021)	(27,346,551)	(18,599,921)	(24,599,936)	(24,480,933)	(26,911,980)	(24,664,916)	(24,442,507)	(22,089,888)	(34,293,383)
GENERAL REVENUES AND OTHER CHANGES IN NET POSHION										
Governmental Activities										
Gaming tax	13,941,327	13,192,688	12,449,843	11,986,806	10,992,201	9,705,233	10,162,979	10,413,257	10,388,263	10,010,410
Sales taxes	6,705,281	6,597,589	7,039,955	7,229,184	7,520,275	8,140,037	8,627,676	8,608,862	9,872,492	11,499,252
Utility tax	6,138,908	6,133,749	5,948,248	5,990,473	6,275,959	6,269,831	6,100,744	5,856,808	6,116,132	6,098,184
Property tax from tax increment financing	1,849,570	3,561,123	2,983,084	3,056,622	1,573,760	2,900,725	3,140,626	3,103,000	3,150,603	4,938,356
Hotel/motel tax	245,429	221,098	258,243	272,650	269,679	280,805	281,017	316,937	339,475	371,799
Cigarette tax	75,226	73,636	73,265	75,256	72,934	71,097	78,983	75,108	67,627	60,087
Business license tax	719,273	623,532	681,544	641,768	656,251	654,600	644,833	642,673	615,999	620,001
Cable franchise tax	301,004	330,568	351,505	369,568	364,730	402,200	419,403	397,243	348,185	339,269
Investment earnings	857,212	579,077	1,094,251	481,387	1,163	608,117	387,937	384,179	529,029	873,191
Gain on sale of capital assets	6,300	106,592	-	-	-	-	-	-	81,027	10,998
Miscellaneous	101,662	262,672	79,328	691,817	822,969	99,615	187,412	228,214	243,851	1,439,842
Transfers	-	-	-	-	-	-	-	-	-	(5,874,640)
Special items	(5,554,074)	-	-	-	-	-	-	-	-	-
Total Governmental Activities General Revenues And Other Changes In Net Position	25,387,118	31,682,324	30,959,266	30,795,531	28,549,921	29,132,260	30,031,610	30,026,281	31,752,683	30,386,749
Business-type Activities										
Investment earnings	-	-	-	-	-	-	-	-	-	541,056
Transfers	-	-	-	-	-	-	-	-	-	5,874,640
Total Business-type Activities General Revenues And Other Changes In Net Position	-	-	-	-	-	-	-	-	-	6,415,696
Total Primary Government General Revenues And Other Changes In Net Position	25,387,118	31,682,324	30,959,266	30,795,531	28,549,921	29,132,260	30,031,610	30,026,281	31,752,683	36,802,445
CHANGE IN NET POSITION										
Governmental Activities	779,097	4,335,773	12,359,345	6,195,595	4,068,988	2,220,280	5,366,694	5,583,774	9,662,795	(17,049,689)
Business-type Activities	-	-	-	-	-	-	-	-	-	19,558,751
Total Primary Government	\$ 779,097	4,335,773	12,359,345	6,195,595	4,068,988	2,220,280	5,366,694	5,583,774	9,662,795	2,509,062

During 2018, the City began construction and financing of the Community Ice Center through the Industrial Development Authority of the City of Maryland Heights. The Community Ice Center is a new enterprise fund for 2018.

Special items:

In 2009 the City dedicated to St. Louis County part of a roadway known as the Maryland Heights Expressway. The segment of the roadway runs from Page Avenue (Hwy 364) to Water Works Road.

CITY OF MARYLAND HEIGHTS, MISSOURI

Fund Balances Of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	December 31									
	2009	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*
General Fund										
Reserved	\$ 3,038,497	5,433,310	625,450 †	465,823 †	629,137 †	706,824	611,145	714,594	448,505	633,799
Unreserved	25,937,678	25,007,759	31,343,370	35,442,869	36,107,860	36,287,596	27,153,577	28,839,414	26,306,217	28,810,424
Nonspendable			466,223	282,002	330,411	624,466	558,931	654,231	429,398	503,664
Committed			143,842	161,220	236,061	49,469	-	44,615	49,230	101,119
Assigned			15,385	22,601	62,665	11,316,656	52,214	15,748	19,107	29,016
Unassigned			31,343,370	35,442,869	36,107,860	25,003,829	27,153,577	28,839,414	26,256,987	28,810,424
Total General Fund	\$ 28,976,175	30,441,069	31,968,820	35,908,692	36,736,997	36,994,420	27,764,722	29,554,008	26,754,722	29,444,223
All Other Governmental Funds										
Reserved	\$ 9,795,829	10,218,843	6,835,538 ϕ	4,161,245 ϕ	6,343,513 ϕ	2,642,320 ϕ	22,984,956 ϕ	6,800,583 ϕ	2,333,902 ϕ	843,442 ϕ
Unreserved, reported in:										
Special Revenue Funds	5,086,530	4,211,780	8,103,491	8,681,276	6,936,356	9,006,336	9,455,203	9,085,676	10,630,300	14,332,317
Capital Projects Funds	9,793,394	4,927,110	8,081,026	9,053,831	8,325,384	9,122,172	6,782,869	9,011,251	12,610,202	8,253,608
Nonspendable			-	9,000	-	11,270	1,760	-	-	-
Restricted			8,538,063	7,330,032	6,720,370	7,040,411	14,492,898	5,545,980	3,794,027	6,368,199
Committed			14,481,992	14,557,320	14,885,497	13,719,147	24,732,348	19,351,530	21,780,377	17,061,168
Unassigned			-	-	(614)	-	(3,978)	-	-	-
Total All Other Govern- mental Funds	\$ 24,675,753	19,357,733	23,020,055	21,896,352	21,605,253	20,770,828	39,223,028	24,897,510	25,574,404	23,429,367

Note:

* Prior year amounts have not been restated for implementation of GASB 54. For comparison purposes, fund balance amounts are provided using the previous method.

† General Fund reserved amounts include advances to other funds, all of which were repaid as of December 31, 2011.

ϕ Reserved amounts in other governmental funds include encumbrances at the end of the year.

CITY OF MARYLAND HEIGHTS, MISSOURI

Changes In Fund Balances Of Governmental Funds

Last Ten Fiscal Years
(Modified accrual basis of accounting)

	For The Years Ended December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Municipal taxes	\$ 31,183,613	31,873,173	31,043,040	30,882,809	28,737,386	29,783,231	30,822,485	30,833,479	31,804,826	35,880,688
Licenses, permits, fines, and fees	3,703,202	3,486,316	3,868,319	3,920,419	3,947,310	3,855,393	4,193,136	4,131,966	3,552,361	3,270,887
Charges for services	1,245,044	1,456,294	1,176,732	1,194,566	1,163,292	1,146,111	1,273,308	917,610	1,511,650	2,098,383
Intergovernmental	4,031,171	2,639,505	6,501,378	1,409,643	2,027,566	765,476	1,352,818	4,553,577	5,953,412	1,887,475
Investment income	857,212	579,077	1,094,251	481,387	1,163	608,117	387,937	384,179	529,029	873,191
Other	278,757	251,078	58,705	653,075	832,979	103,159	110,137	892,845	185,960	1,432,696
Total Revenues	41,298,999	40,285,443	43,742,425	38,541,899	36,709,696	36,261,487	38,139,821	41,713,656	43,537,238	45,443,320
EXPENDITURES										
Current:										
Legislative	143,972	139,354	151,333	146,509	154,813	149,994	148,426	196,712	160,774	148,419
General administration	1,654,643	1,614,922	1,498,692	1,494,840	1,578,645	1,768,784	1,785,619	1,778,734	2,051,522	2,116,743
Finance and accounting	1,180,052	1,284,431	1,257,070	1,252,661	1,412,395	1,513,073	1,405,982	1,350,643	1,315,863	1,419,840
Community development	1,812,496	1,903,321	2,135,948	2,089,443	1,963,392	2,135,277	2,382,157	2,064,384	2,276,220	21,387,696
Public works	5,742,950	5,707,504	6,043,689	6,194,645	6,270,358	6,401,481	5,724,245	5,715,116	5,666,015	5,732,610
Police services	9,474,845	9,561,432	9,589,894	9,853,622	9,980,081	10,189,054	10,143,534	10,451,192	10,592,561	11,264,445
Judicial	364,934	370,630	382,877	404,940	367,890	349,818	429,712	426,655	328,478	337,195
Parks and recreation	4,110,448	4,032,722	3,668,071	3,733,927	3,949,402	3,991,768	3,851,948	3,707,017	4,510,614	5,213,594
Human services	298,189	335,525	344,784	345,791	303,943	322,834	337,171	324,502	210,557	217,161
Capital outlay	17,356,625	17,079,698	10,496,568	7,609,671	7,559,604	7,454,744	14,448,697	24,227,800	13,276,471	4,980,950
Debt service:										
Principal	9,455,000	1,065,000	1,880,000	1,615,000	1,730,000	1,725,000	2,095,000	3,035,000	4,555,000	4,840,000
Issuance costs	-	-	-	-	-	-	307,356	-	-	-
Interest	1,502,201	1,198,536	1,157,525	1,054,125	965,300	870,150	1,034,954	1,037,183	891,158	647,733
Total Expenditures	53,096,355	44,293,075	38,606,451	35,795,174	36,235,823	36,871,977	44,094,801	54,314,938	45,835,233	58,306,386
REVENUES OVER (UNDER) EXPENDITURES	(11,797,356)	(4,007,632)	5,135,974	2,746,725	473,873	(610,490)	(5,954,980)	(12,601,282)	(2,297,995)	(12,863,066)
OTHER FINANCING SOURCES (USES)										
Proceeds from certificates of participation issued	-	-	-	-	-	-	15,000,000	-	-	-
Premium on issuance of certificate of participation	-	-	-	-	-	-	109,107	-	-	-
Proceeds of refinancing tax increment notes issued	-	-	-	-	-	-	-	-	-	19,200,000
Transfers in	16,246,015	492,000	503,250	1,951,221	2,398,875	1,808,200	12,210,000	1,038,925	6,085,000	1,922,439
Transfers out	(16,246,015)	(492,000)	(503,250)	(1,951,221)	(2,398,875)	(1,808,200)	(12,210,000)	(1,038,925)	(6,085,000)	(7,797,079)
Insurance proceeds	-	-	-	-	-	-	-	-	44,253	36,105
Sale of capital assets	-	154,506	54,099	69,444	63,333	33,488	68,375	65,050	131,350	46,065
Total Other Financing Sources (Uses)	-	154,506	54,099	69,444	63,333	33,488	15,177,482	65,050	175,603	13,407,530
NET CHANGES IN FUND BALANCES	\$ (11,797,356)	(3,853,126)	5,190,073	2,816,169	537,206	(577,002)	9,222,502	(12,536,232)	(2,122,392)	544,464
Debt service as a percentage of noncapital expenditures	26.12 %	6.75	10.55	9.03	8.97	8.37	10.13	12.93	16.20	9.93

In 2009 the City redeemed all outstanding leasehold revenue bonds issued in 2003 for the construction of a new government center. The total redemption exceeded the scheduled debt service payment by \$7,774,379.

CITY OF MARYLAND HEIGHTS, MISSOURI

Tax Revenues By Source, Governmental Funds

Last Ten Fiscal Years
(Modified accrual basis of accounting)

For The Years Ended December 31	Gaming	Utility Gross Receipts	Sales	Other	Total
2009	\$ 13,941,327	\$ 6,139,117	\$ 6,734,956	\$ 4,368,213	\$ 31,183,613
2010	13,192,688	6,117,998	6,416,108	6,146,379	31,873,173
2011	12,449,843	5,992,169	7,079,124	5,521,904	31,043,040
2012	11,986,806	5,981,637	7,282,623	5,631,743	30,882,809
2013	10,992,202	6,249,038	7,378,366	4,117,780	28,737,386
2014	9,705,234	6,270,207	8,190,622	5,617,168	29,783,231
2015	10,162,981	6,163,361	8,634,010	5,880,749	30,841,101
2016	10,413,257	5,876,388	8,669,234	5,874,599	30,833,478
2017	10,388,263	5,892,500	9,569,763	5,954,300	31,804,826
2018	10,010,410	6,376,048	11,559,664	7,934,566	35,880,688

The schedule reflects receipts from taxpayers. Revenue recognized is net of audit fees paid on taxpayer returns.

CITY OF MARYLAND HEIGHTS, MISSOURI

Gross Receipts Tax On Utilities - Rates, Direct And Overlapping

Last Ten Fiscal Years
(Modified accrual basis of accounting)

Category Of Utility	For The Years Ended December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric	\$ 47,513,602	53,692,727	58,520,945	58,109,836	62,614,944	63,209,084	64,911,236	62,942,519	64,499,224	72,982,444
Gas	16,425,060	14,037,273	14,268,982	11,865,455	12,912,504	14,192,432	13,089,034	10,770,649	12,191,292	13,417,899
Telephone	28,085,431	31,785,691	29,910,473	31,915,927	31,478,083	29,832,167	27,278,887	25,901,841	23,873,077	21,144,127
Water	5,170,693	5,611,527	6,248,127	6,865,836	6,613,333	6,770,081	6,781,956	7,228,405	7,059,985	8,383,669
Total Gross Receipts Of Utilities	<u>\$ 97,194,786</u>	<u>105,127,218</u>	<u>108,948,527</u>	<u>108,757,054</u>	<u>113,618,864</u>	<u>114,003,764</u>	<u>112,061,113</u>	<u>106,843,414</u>	<u>107,623,578</u>	<u>115,928,139</u>
Rate	5.5 %	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Revenue	<u>\$ 5,345,713</u>	<u>5,781,997</u>	<u>5,992,169</u>	<u>5,981,638</u>	<u>6,249,038</u>	<u>6,270,207</u>	<u>6,163,361</u>	<u>5,876,388</u>	<u>5,919,297</u>	<u>6,376,048</u>

The City's rate of 5.5% is the only one applied.

No overlapping jurisdictions impose this tax.

In 2009 the City received a one-time payment from AT&T for disputed taxes on land lines. The 2009 gross receipts do not reflect any of that settlement amount.

Prior to 2010 the City deferred all payments received by T-Mobile cellular phone companies pending the outcome of a lawsuit. The lawsuit settlement resulted in a one-time payment. The 2010 gross receipts do not reflect any prior year payments or settlements.

The schedule reflects receipts from taxpayers. Revenue recognized is net of audit fees paid on taxpayer returns.

CITY OF MARYLAND HEIGHTS, MISSOURI

Principal Taxpayers - Gross Receipts Tax On Utilities

For The Years Ended December 31 - Current Year And Nine Years Ago

Taxpayer	2018			2009		
	Taxable Gross Receipts	Rank	Percentage Of Total Taxable Gross Receipts	Taxable Gross Receipts	Rank	Percentage Of Total Taxable Gross Receipts
Ameren Missouri	\$ 72,982,444	1	62.95 %	\$ 47,513,602	1	48.88 %
Spire Missouri (Formerly, Laclede Gas)	13,405,877	2	11.56	16,348,521	2	16.82
Missouri-American Water Co.	8,383,669	3	7.23	5,170,693	5	5.32
New Cingular Wireless	4,926,975	4	4.25	8,178,947	3	8.42
AT&T Missouri (Formerly, Southwestern Bell)	3,746,893	5	3.23	7,985,903	4	8.22
			<u>89.23 %</u>			<u>87.66 %</u>

Source: Tax returns for utility taxpayers

CITY OF MARYLAND HEIGHTS, MISSOURI

Sales Tax Rates, Direct And Overlapping

Last Ten Fiscal Years

<u>For The Years Ended December 31</u>	<u>City Direct Rate</u>	<u>St. Louis County</u>	<u>State Of Missouri</u>	<u>Direct And Overlapping</u>
2018	0.500 %	3.388 %	4.225 %	8.113 %
2017	0.500	3.388	4.225	8.113
2016	0.500	2.888	4.225	7.613
2015	0.500	2.888	4.225	7.613
2014	0.500	2.888	4.225	7.613
2013	0.500	2.888	4.225	7.613
2012	0.500	2.700	4.225	7.425
2011	0.500	2.700	4.225	7.425
2010	0.500	2.700	4.225	7.425
2009	0.500	2.100	4.225	6.825

The City levies a sales tax of one-half percent (0.5%) for the purpose of parks and stormwater.

Additionally, the City receives a portion of a 1% sales tax (included in the rates shown above) levied by St. Louis County. Beginning in 2017, the City's portion increased to 1.5%.

CITY OF MARYLAND HEIGHTS, MISSOURI

Taxable Sales Generated By Industry

For The Years Ended December 31 - Last Ten Fiscal Years

Industry	2007		2008		2009		2010		2011	
	Taxable Sales (Millions Of Dollars)	Percentage Of Total Taxable Gross Receipts								
Wholesale trade - durable goods	\$ 134,865	15.46 %	\$ 53,576	7.08 %	\$ 46,477	6.81 %	\$ 42,823	6.31 %	\$ 47,916	7.15 %
Eating and drinking places	96,557	11.08	99,141	13.10	91,968	13.48	87,964	12.97	87,024	12.98
Miscellaneous services	81,870	9.39	80,739	10.66	75,907	11.13	96,893	14.28	95,900	14.31
Miscellaneous retail	96,410	11.06	54,503	7.20	43,879	6.43	42,921	6.33	39,452	5.88
Electric, gas, and sanitary services	58,406	6.70	36,210	4.78	38,841	5.69	38,725	5.71	42,496	6.34
Food stores	51,265	5.88	45,744	6.04	50,270	7.37	49,323	7.27	48,076	7.17
Amusement/recreation services, except motel	41,227	4.73	40,572	5.36	25,260	3.70	23,666	3.49	19,738	2.94
Hotels, rooming houses, and camps/other	52,243	5.99	51,921	6.86	41,844	6.13	40,651	5.99	43,309	6.46
Communication	38,582	4.43	37,937	5.01	37,631	5.52	33,144	4.88	29,597	4.41
Other	220,420	25.28	256,719	33.91	230,080	33.74	222,315	32.77	216,922	32.36
Total Taxable Sales	\$ 871,845	100.00 %	\$ 757,062	100.00 %	\$ 682,157	100.00 %	\$ 678,425	100.00 %	\$ 670,430	100.00 %

Industry	2012		2013		2014		2015		2016	
	Taxable Sales (Millions Of Dollars)	Percentage Of Total Taxable Gross Receipts								
Wholesale trade - durable goods	\$ 45,019	6.41 %	\$ 48,196	6.43 %	\$ 52,750	6.59 %	\$ 55,914	6.61 %	\$ 57,208	6.56 %
Eating and drinking places	89,384	12.72	90,336	12.05	91,090	11.39	96,884	11.45	99,636	11.42
Miscellaneous services	115,728	16.47	156,850	20.93	176,943	22.12	176,657	20.87	199,422	22.86
Miscellaneous retail	40,626	5.78	41,098	5.48	49,991	6.25	51,368	6.07	56,380	6.46
Electric, gas, and sanitary services	42,099	5.99	44,243	5.90	44,398	5.55	44,848	5.30	43,074	4.94
Food stores	49,272	7.01	47,571	6.35	48,536	6.07	50,500	5.97	53,126	6.09
Amusement/recreation services, except motel	18,261	2.60	15,577	2.08	12,387	1.55	14,046	1.66	16,021	1.83
Hotels, rooming houses, and camps/other	47,258	6.73	48,626	6.49	49,129	6.14	51,193	6.05	53,558	6.14
Communication	24,546	3.50	22,713	3.03	24,707	3.09	24,567	2.90	20,442	2.34
Other	230,391	32.79	234,317	31.26	249,944	31.25	280,296	33.12	273,552	31.36
Total Taxable Sales	\$ 702,584	100.00 %	\$ 749,527	100.00 %	\$ 799,875	100.00 %	\$ 846,273	100.00 %	\$ 872,419	100.00 %

Source: Taxable sales by Standard Industry Code reported by the State of Missouri Department of Revenue

Please note: Missouri Department of Revenue was unable to provide data for 2017 and 2018 due to a system change. The data will be provided in following years.

State law prohibits the disclosure of specific taxpayer information.

CITY OF MARYLAND HEIGHTS, MISSOURI

Gaming Tax Revenues

Last Ten Fiscal Years

(all numbers in thousands except percentages)

<u>For The Years Ended December 31</u>	<u>Admissions</u>	<u>Taxable Gross Receipts</u>	<u>Total Revenue</u>	<u>Percent Of Total Governmental Revenue</u>
2009	7,754	\$ 294,625	\$ 13,941	33.8 %
2010	7,402	275,767	13,193	32.7
2011	6,819	268,112	12,450	28.5
2012	6,506	260,986	11,987	31.1
2013	6,081	233,847	10,992	29.8
2014	5,111	218,757	9,705	26.8
2015	5,359	228,752	10,163	26.6
2016	5,469	235,457	10,413	25.0
2017	5,404	237,341	10,388	23.9
2018	5,111	233,287	10,010	22.0

Revenue amounts are on the modified accrual basis of accounting.

Gaming taxes are levied by the state and shared by the "host city". While this revenue is not considered an "own source revenue", the significance to the City's financial resources merits special mention.

Gaming taxes are comprised of two components, admissions and gross receipts. The state levies a tax of \$2 per admission to a casino of which the host city receives \$1 (50%) of that tax. The state levies a tax of 21% (20% prior to 2008) on the gross receipts of casinos of which the host city receives 10% of the tax (in effect 2.1% of the gross receipts).

The total revenue from gaming taxes also includes interest paid by the state to the City on funds collected from the tax before distribution to the host city.

CITY OF MARYLAND HEIGHTS, MISSOURI

Ratios Of Outstanding Debt By Type

Last Ten Fiscal Years

	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Certificates of participation	\$ -	-	-	-	-	-	15,104,148	14,498,738	13,883,327	19,200,000
Tax increment notes and bonds	20,532,540	19,487,750	17,628,050	16,033,350	14,323,650	12,618,950	10,544,250	8,129,550	4,204,850	13,252,917
Total Debt Outstanding	20,532,540	19,487,750	17,628,050	16,033,350	14,323,650	12,618,950	25,648,398	22,628,288	18,088,177	32,452,917
Less - Reserve for debt service	(1,439,637)	(1,472,669)	(1,534,492)	(1,526,465)	(1,471,964)	(1,441,120)	(1,455,366)	(1,469,745)	(15,501)	(21,119)
Net Governmental Activities Debt Outstanding	19,092,903	18,015,081	16,093,558	14,506,885	12,851,686	11,177,830	24,193,032	21,158,543	18,072,676	32,431,798
Business-type Activities										
IDA Revenue Bonds	-	-	-	-	-	-	-	-	-	55,753,482
Less - Reserve for debt service	-	-	-	-	-	-	-	-	-	(3,542,482)
Net Business-type Activities Debt Outstanding	-	-	-	-	-	-	-	-	-	52,211,000
Total Net Debt Outstanding	\$ 19,092,903	18,015,081	16,093,558	14,506,885	12,851,686	11,177,830	24,193,032	21,158,543	18,072,676	84,642,798
 Personal Income	 \$ 681,407,628	 681,407,628	 681,407,628	 812,814,064						
 Debt As Percentage Of Personal Income	 3.01 %	 2.86	 2.59	 1.97	 1.76	 1.55	 3.16	 2.78	 2.23	 3.99
 Population	 27,346	 27,346	 27,472							
 Per Capita Debt	 \$ 751	 713	 642	 584	 521	 459	 934	 824	 658	 3,082

CITY OF MARYLAND HEIGHTS, MISSOURI

Legal Debt Margin Information

Last Ten Fiscal Years

Description	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 103,009,992	102,084,063	98,726,303	108,501,346	102,570,821	102,126,516	98,627,478	98,606,671	106,959,345	105,493,438
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 103,009,992	102,084,063	98,726,303	108,501,346	102,570,821	102,126,516	98,627,478	98,606,671	106,959,345	105,493,438

Calculation for Fiscal Year 2018:

Assessed value \$ 1,054,934,380

Debt limit -- 10% of assessed value \$ 105,493,438

Bonded indebtedness is limited by Sections 95.115 and 95.120 of Missouri Statutes to 10% of the assessed value of taxable tangible property.

CITY OF MARYLAND HEIGHTS, MISSOURI

Computation Of Direct And Overlapping Debt

December 31, 2018

	Debt Outstanding	Percent* Applicable To Maryland Heights	Amount Applicable To Maryland Heights
St. Louis County	\$ 92,215,000	4.53 %	\$ 4,180,792
Monarch Fire Protection District ¹	-	0.54	-
Metropolitan St. Louis Sewer District	1,688,124,647	8.23	138,963,402
Pattonville Fire Protection District ¹	12,920,000	30.13	3,892,796
Pattonville School District ¹	68,460,000	45.59	31,208,392
Parkway School District ¹	206,945,000	8.77	18,156,932
Special School District ¹	-	4.53	-
Maryland Heights Fire Protection District ¹	14,340,000	99.15	14,218,177
Creve Coeur Fire Protection District ¹	11,675,000	10.92	1,274,910
Subtotal, Overlapping Debt			211,895,401
City of Maryland Heights direct debt ²			32,452,917
Total Direct And Overlapping Debt			\$ 244,348,318

¹Only portions of the school and fire districts are located within the City boundaries. The applicable amounts refer to that portion of the district that is contained within the City's boundaries. Therefore, the applicable amounts refer to portions of the City's taxpayers.

²Includes governmental activity debt. Does not include business-type.

*Based on the percent of total assessed value of a jurisdiction comprising the City's assessed property.

Source: The above-named jurisdictions

CITY OF MARYLAND HEIGHTS, MISSOURI

Pledged Revenue Coverage

Last Ten Fiscal Years

	For The Years Ended December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tax increment financing (TIF) sales tax	\$ 94,424	105,868	128,017	124,599	102,994	153,157	250,629	241,631	274,657	222,376
TIF property tax	1,675,220	3,331,258	2,764,853	2,896,064	1,425,533	2,742,019	3,007,638	2,562,975	2,498,113	4,749,521
Total Available Revenue	\$ 1,769,644	3,437,126	2,892,870	3,020,663	1,528,527	2,895,176	3,258,267	2,804,606	2,772,770	4,971,897
Debt Service (interest due including increases to the notes)	\$ 2,102,300	2,263,536	3,037,525	2,669,123	2,695,300	2,595,150	2,870,275	3,095,050	4,471,125	4,510,050
Ratio	0.84	1.52	0.95	1.13	0.57	1.12	1.14	0.91	0.62	1.10
TIF bonds outstanding at January 1	\$ 21,545,000	20,705,000	19,640,000	17,760,000	16,145,000	14,415,000	12,690,000	10,595,000	8,160,000	4,215,000
New issue	-	-	-	-	-	-	-	-	-	19,200,000
Principal paid	840,000	1,065,000	1,880,000	1,615,000	1,730,000	1,725,000	2,095,000	2,435,000	3,945,000	4,215,000
TIF Bonds Outstanding At December 31	\$ 20,705,000	19,640,000	17,760,000	16,145,000	14,415,000	12,690,000	10,595,000	8,160,000	4,215,000	19,200,000

Beginning in 2001 the City issued Series 2001A TIF notes at 8.5% and 2001B TIF notes at 10%, payable through September 2018, in cooperation with a developer (Duke Realty) for the purpose of paying a portion of the redevelopment project costs in connection with the South Heights TIF District Redevelopment Plan. Duke Realty assumes ownership of the Redevelopment Plan and the City's plan costs are intended to provide for the general health, safety, and welfare of that portion of the City affected by the blighted area. The TIF notes are considered a special limited obligation of the City and have been issued to Duke Realty. The City will make principal and interest payments on the TIF notes to the developer based on incremental payments in lieu of taxes attributable to the Redevelopment Plan.

In December 2007 the City issued bonds to refund the 2001 A & B notes. Beginning in 2008 the incremental taxes are used to pay interest and all remaining amounts are used to redeem principal (less required payments to the Maryland Heights Fire Protection District). These bonds were repaid during 2018.

During 2018, the City issued Series 2018B TIF notes, payable in variable amounts through 2038.

CITY OF MARYLAND HEIGHTS, MISSOURI

Demographic And Economic Statistics

Last Ten Calendar Years

<u>For The Years Ended December 31</u>	<u>Population</u>	<u>Personal Income (Thousands Of Dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>		<u>Unemployment Rate</u>
				<u>Pattonville School District</u>	<u>Parkway School District</u>	
2009	27,346	\$ 681,408	\$ 24,919	5,372	17,424	7.40 %
2010	27,472	812,814	29,587	5,518	17,504	7.80
2011	27,472	812,814	29,587	5,457	17,234	6.50
2012	27,472	812,814	29,587	5,509	17,271	5.40
2013	27,472	812,814	29,587	5,563	17,274	5.00
2014	27,472	812,814	29,587	5,576	17,279	4.80
2015	27,472	812,814	29,587	5,477	17,361	4.00
2016	27,472	812,814	29,587	5,468	17,551	3.60
2017	27,472	812,814	29,587	5,502	17,597	2.80
2018	27,484	813,168	29,587	5,791	17,635	2.60

Source: Population and per capita personal income based on U.S. Census Bureau data

School enrollment information provided by school district.

Unemployment rate information received from the Missouri Department of Labor

CITY OF MARYLAND HEIGHTS, MISSOURI

Principal Employers

Current Year And Nine Years Ago

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total City Employment</u>
Charter Communications Entertainment, LLC	2,094	1	4.83 %	-	-	- %
Edward Jones	1,826	2	4.21	2,443	1	4.62
World Wide Technology, LLC	1,479	3	3.41	539	9	1.02
Magellan Health Services	1,350	4	3.11	1,480	3	2.80
Hollywood Casino St. Louis	1,256	5	2.90	-	-	-
United Healthcare of the Midwest	900	6	2.08	900	6	1.70
Elsevier, Inc.	724	7	1.67	732	7	1.38
Schnucks Markets, Inc.	635	8	1.46	525	10	0.99
Essence Healthcare	556	9	1.28	-	-	-
Monsanto	553	10	1.28	600	8	1.13
Harrah's Casino	-	-	-	1,891	2	3.57
TALX	150	42	0.35	1,369	4	2.59
GMAC	-	-	-	1,005	5	1.90
Total	<u>11,523</u>		<u>26.58 %</u>	<u>11,484</u>		<u>21.70 %</u>

Source: City's Clerk office based on business license renewals in years listed

Note: Hollywood Casino St. Louis purchased Harrah's during 2012.

CITY OF MARYLAND HEIGHTS, MISSOURI

Full-time Equivalent City Government Employees By Functions/Programs¹

Last Ten Fiscal Years

Functions/Programs	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Administration	9.10	8.25	7.50	7.50	8.75	8.75	9.75	9.25	10.50	11.25
Finance	9.25	9.00	9.00	9.00	9.25	9.25	9.00	9.00	8.00	8.00
Community development	20.25	19.45	19.25	19.25	18.25	19.25	19.25	20.25	20.25	19.25
Municipal court	5.65	5.65	5.65	5.65	5.65	4.30	5.30	3.30	3.80	3.80
Human services	2.40	2.80	2.80	2.80	3.60	1.80	1.90	1.90	-	-
Police:										
Officers	79.00	79.00	79.00	79.00	79.00	79.00	78.20	78.00	78.00	78.00
Civilians	19.20	19.20	19.20	18.20	18.20	18.80	17.90	17.90	19.90	20.90
Public works:										
Engineering and administration	5.25	5.00	5.00	5.00	5.00	5.00	4.00	4.00	3.50	3.00
Road and bridges	15.50	15.50	14.50	15.50	15.50	15.50	15.50	15.50	14.50	14.50
Storm water	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Vehicle maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Construction management	6.25	6.25	6.25	6.25	6.25	6.25	5.25	5.25	3.25	2.25
Parks and recreation:										
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Recreation services	10.50	10.50	10.20	9.80	9.90	11.40	12.30	31.44	35.80	46.44
Community Centre	13.55	13.45	13.70	13.45	13.70	13.80	13.80	6.57	7.25	7.25
Government center maintenance	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	5.00	5.00
Sportport	7.55	7.20	-	-	-	-	-	-	-	-
Aquaport	2.50	2.50	2.50	2.50	2.90	2.90	2.90	2.45	3.30	3.30
Parks maintenance	8.50	8.50	8.50	8.50	9.20	9.20	9.20	10.70	10.20	10.20
Total	232.45	230.25	221.05	220.40	223.15	222.20	221.25	232.51	235.25	245.14

Source: Payroll Data from Finance Department

¹An FTE is based on a 2,080 hour work year.

CITY OF MARYLAND HEIGHTS, MISSOURI

Capital Asset Statistics By Functions/Programs

Last Ten Fiscal Years

Functions/Programs	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sectors	6	6	6	6	6	6	6	6	6	6
Marked patrol units	26	26	26	26	26	26	26	27	27	27
Public works:										
Streets (miles)	97	97	97	97	97	97	97	97	97	97
Streetlights	1,904	1,922	1,948	1,956	1,956	1,961	1,948	1,954	1,963	1,961
Parks and recreation:										
Recreational facilities	8	8	8	8	8	8	8	7 *	8	8
Acreage ¹	123	123	123	123	123	123	123	123	123	123
Playgrounds	7	7	7	7	7	7	7	7	7	7
Square footage of Community Centre	42,000	42,000	42,000	42,000	42,000	42,000	42,000	N/A *	92,000	92,000
Soccer fields	14	14	14	14	14	14	14	14	14	14
Paved Trails (in miles)	-	-	-	-	-	-	0.75	0.75	0.75	3

Source: Various City departments

¹Acreage does not include undeveloped park land.

* In transition to opening a new community center, which opened in April 2017.

CITY OF MARYLAND HEIGHTS, MISSOURI

Operating Indicators By Functions/Programs

Last Ten Fiscal Years

Functions/Programs	December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Adult arrests	4,617	4,708	5,020	5,184	4,947	4,730	4,655	4,042	4,625	4,330
Juvenile arrests	485	488	386	457	197	135	105	84	100	58
Hazardous citations	7,958	7,037	7,174	6,404	5,545	5,650	5,520	4,249	4,255	4,131
Nonhazardous citations	6,008	6,403	6,768	6,281	6,731	6,185	5,990	5,178	5,148	4,959
Emergency calls	410	438	422	357	574	554	566	617	632	661
Nonemergency calls	48,868	49,989	54,152	50,099	64,310	68,369	73,634	79,859	78,278	78,302
Public Works										
Street asphalt repairs tons	118	138	224	190	63	152	134	71	83	24
Street concrete repairs sq. yds.	41,335	66,357	31,408	34,980	43,644	20,767	12,097	1,283	2,335	1,883
Sidewalk replacement sq. ft.	39,685	41,016	19,801	8,557	19,932	14,608	2,763	9,530	11,239	8,767
Trees maintained	1,786	1,394	836	1,306	1,574	1,245	1,677	3,027	1,707	1,685
Stormwater inlet repairs	134	65	77	66	69	114	70	86	41	51
Sewer lateral repairs	56	58	51	64	48	61	73	67	64	56
Parks and Recreation										
Total programs offered	861	828	1,048	894	786	781	871	411	305	284
Total program registrations	6,933	7,091	7,142	7,556	7,071	7,888	5,910	5,842	6,395	4,490
Room set-ups	2,026	2,204	2,198	2,732	3,409	3,338	3,425	2,061	1,043	2,238
Room rentals	2,026	2,192	2,198	2,426	2,454	2,459	2,404	1,735	445	795
Rental attendance	69,527	74,510	68,178	82,096	65,954	72,756	74,276	35,620	47,303	82,330
Community Center membership swipes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95,908	146,203
Community Development										
Zoning permits	358	347	286	168	150	134	133	146	129	121
Business licenses	1,609	1,787	1,718	1,621	1,695	1,564	1,778	1,665	1,714	1,967
Building permits	904	716	1,229	1,675	1,727	1,254	1,280	1,351	1,586	1,430
Building inspections	3,328	3,237	5,099	4,955	3,901	3,035	3,534	3,924	4,719	4,045
Code inspections	1,554	1,717	1,532	2,483	1,693	1,421	2,384	1,751	1,209	1,695
Notice of code violation sent	703	650	606	934	473	362	528	321	235	258
Finance and Administration										
Bid solicitations	15	17	21	20	20	16	19	20	20	13
Press releases issued	25	35	30	30	25	4	10	16	15	7
Public inquiry responses - email	290	311	273	200	285	233	210	270	363	201