



## OUR MISSION

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



# POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2018

## CITY OF MARYLAND HEIGHTS, MISSOURI

Department of Finance

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Maryland Heights, MO 63043

(314) 291-6550

[www.marylandheights.com](http://www.marylandheights.com)

[MHLife@marylandheights.com](mailto:MHLife@marylandheights.com)



# WHAT'S A PAFR?

The 2018 Popular Annual Financial Report (PAFR) is designed to inform residents of Maryland Heights and other interested parties about how the City is doing financially in a format that is easily understandable. We hope the PAFR can convey the City's finances for those that may feel confused by, or uninterested in, accounting jargon.

Each year, the City of Maryland Heights prepares a Comprehensive Annual Financial Report (CAFR) that provides detailed information about the City's financial position. The CAFR is prepared in conformance with generally accepted accounting principles (GAAP). The CAFR provides detailed information and includes an audit from an independent firm of licensed certified public accountants. To view the CAFR in its entirety, please visit [www.marylandheights.com/2018CAFR](http://www.marylandheights.com/2018CAFR) or the Government Center. The PAFR is not a substitute for the CAFR.

The information contained herein is taken from the City's CAFR and is presented for the purpose of communicating the City's financial position. City functions are comprised of governmental and business-type activities.

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## AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Maryland Heights for its Popular Annual Financial Report for the year ended December 31, 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 Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**City of Maryland Heights  
Missouri**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

# GOVERNMENTAL ACTIVITIES

The 2018 financial results of the City of Maryland Heights for general government purposes were as follows:

## All Funds – Governmental

Revenues	\$ 45,443,320
Proceeds from TIF Note Issuance	19,200,000
Transfer to Community Ice Center	(5,874,640)
Other Sources/uses	82,170
Expenditures:	(58,306,386)
Difference:	\$ 544,464
Fund Balances - beginning 2018	52,329,126
Fund Balances - at the end 2018	<u>\$ 52,873,590</u>

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

# BUSINESS-TYPE ACTIVITIES

In 2018, the City established the Community Ice Center Fund to account for the financing, construction, and operation of a new 275,000 square foot facility featuring three indoor and one outdoor ice rinks. Construction began in 2018 with a scheduled opening in the Fall of 2019.

## Community Ice Center

Revenues	\$ 16,615,696
Expenses	(2,931,585)
Transfer in from Governmental Fund	5,874,640
Net position at end of 2018	<u>\$ 19,558,751</u>

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



*A rendering of the Community Ice Center's outdoor rink. The facility features three other rinks, which are indoor. In May 2019, the Centene Corporation acquired the naming rights to the facility in a 10-year agreement.*

# CITY FUNCTIONS

## Governmental Activities and Services

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

## Governmental Activities:

### Tax Increment Financing

- South Heights
- Dorsett Road
- Westport Plaza

## Business-Type Activities

- Community Ice Center

# GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

## REVENUES

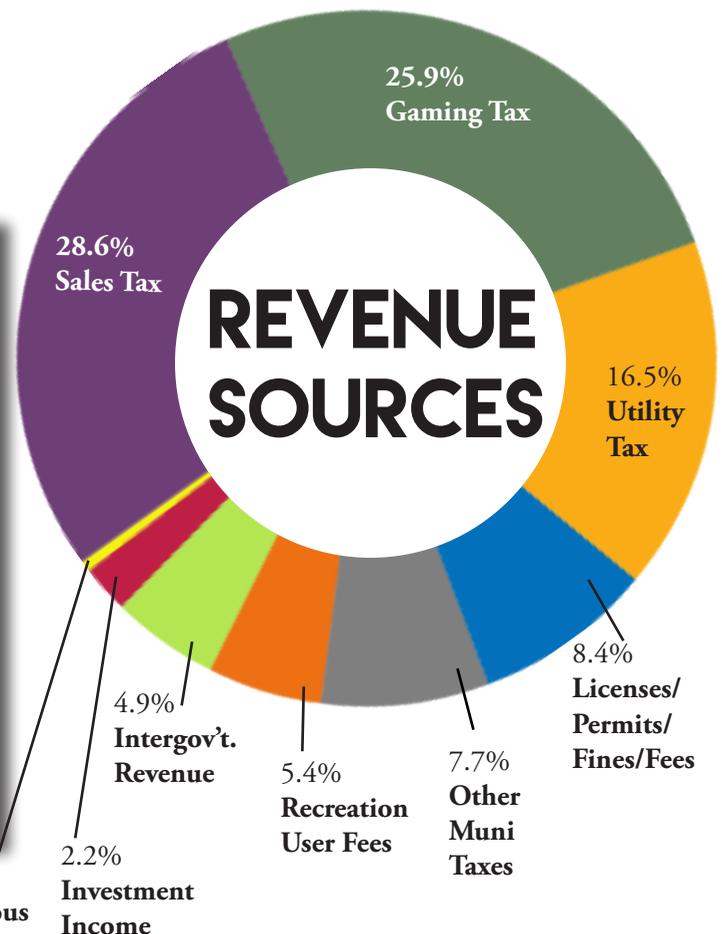
City revenues decreased 3.4 percent in 2018 from 2017. Intergovernmental revenue decreased \$4.1 million primarily due to large capital grants received in 2017 for specific infrastructure projects. Otherwise, excluding intergovernmental, revenues increased \$2.7 million (7.9%).

The most significant changes:

- Sales taxes increased \$1.8 million (19.4%) in 2018 from 2017 (*see page 10 for more information*).
  - A new sales tax for public safety purposes imposed by St. Louis County and shared with municipalities took effect late in 2017. Therefore, 2018 was the first full year of the tax; \$1.3 million of the increase is from this tax.
  - The half-cent park sales tax was up \$343 thousand (7.7%). This tax reflects retail sales within the City's borders.
  - The City's share of the county-wide 1% sales tax was up \$168 thousand (3.6%).
- A decrease of \$378 thousand (3.6%) in gaming tax revenues from \$10.4 million in 2017 to \$10.01 million in 2018.
- Licenses, permits, fines and fees decreased 7.9% (\$281 thousand) in 2018. Building permits decreased \$151 thousand from \$944 thousand in 2017 to \$793 thousand in 2018. Court fines and fees fell \$118 thousand in 2018 from \$1.4 million to \$1.22 million in 2017.
- Recreation revenues increased \$586 thousand (39%) in 2018 from 2017 due to the first full year of operation of the new community center that opened in May of 2017.
- Investment income, reflecting interest from idle funds, increased \$340 thousand in 2018.

## WHERE DOES THE MONEY COME FROM?

<i>In Thousands of Dollars</i>	2016	2017	2018
Gaming Tax	\$10,413	\$10,388	\$10,010
Sales Tax	8,410	9,272	11,074
Utility Tax	5,849	5,893	6,373
Intergovernmental	4,554	5,953	1,887
Licenses, Permits, Fines, Fees	4,132	3,552	3,271
Other Municipal Taxes	2,798	2,804	2,999
Recreation User Fees	918	1,512	2,098
Miscellaneous	893	186	148
Investment Income	362	517	857
<b>Total Revenue</b>	<b>\$38,329</b>	<b>\$40,077</b>	<b>\$38,717</b>



# GOVERNMENTAL ACTIVITIES

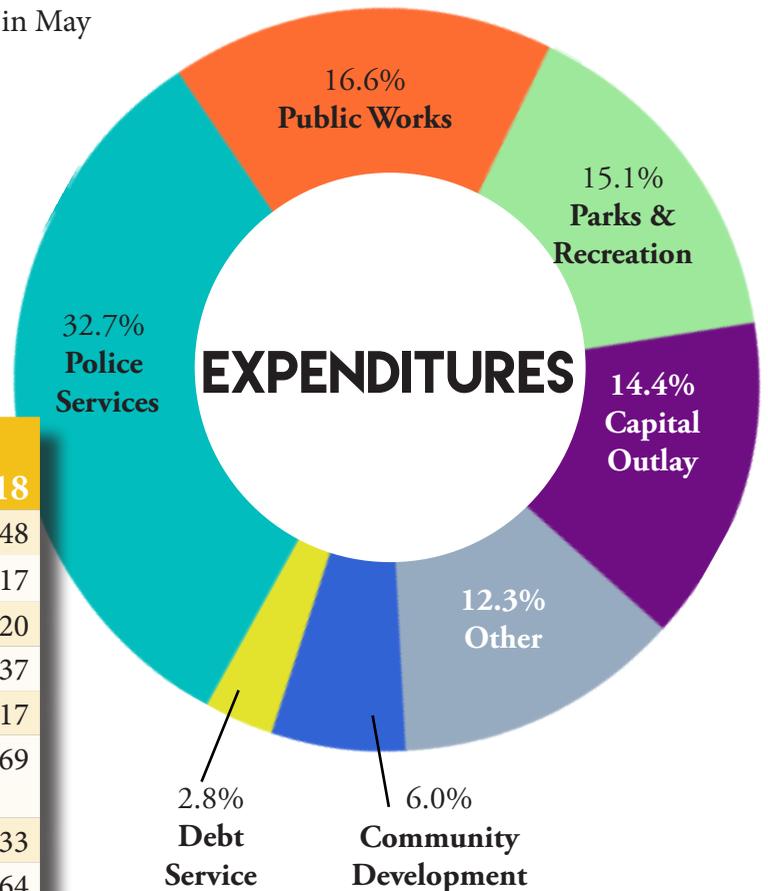
## EXPENDITURES

(Not Including Tax Increment Financing)

Total expenditures decreased \$6.7 million (20%) in 2018 from 2017 primarily the result of significant capital outlay in 2017. Notably, in 2017 the City completed construction of the new community center (\$4.2 million) and expended \$5 million (compared to \$1 million in 2018) for the construction of a new hiking/biking trail.

Operating expenditures increased \$1.6 million (6.1%) in 2018. While some activities showed increases or decreases as a result of shifting resources, the major operational increase in 2018 occurred in parks and recreation (up 15.6% from 2017) related to the first full year of operation of a new community center that opened in May of 2017. Further, police services expenditures increased \$671 thousand (6.3%) related to the influx of the new sales tax revenue for public safety.

## WHERE DOES THE MONEY GO?



<i>In Thousands of Dollars</i>	2016	2017	2018
Legislative	\$197	\$161	\$148
General Services	1,779	2,052	2,117
Finance	1,350	1,316	1,420
Judicial	427	328	337
Human Services	325	211	217
Community Development	1,996	2,043	2,069
Public Works	5,715	5,666	5,733
Police Services	10,451	10,593	11,264
Parks & Recreation	3,707	4,511	5,214
<b>Total Operating</b>	<b>25,947</b>	<b>26,881</b>	<b>28,519</b>
Debt Service	977	975	978
Capital Outlay	24,228	13,276	4,981
<b>Total Expenditure</b>	<b>\$51,152</b>	<b>\$41,132</b>	<b>\$34,478</b>

*Police Officer Alex Waldroup and K9 Bax conducting a training exercise. In 2018, the partners were featured in Working Dog Magazine. Providing police services comprise nearly 33% of governmental expenditures.*



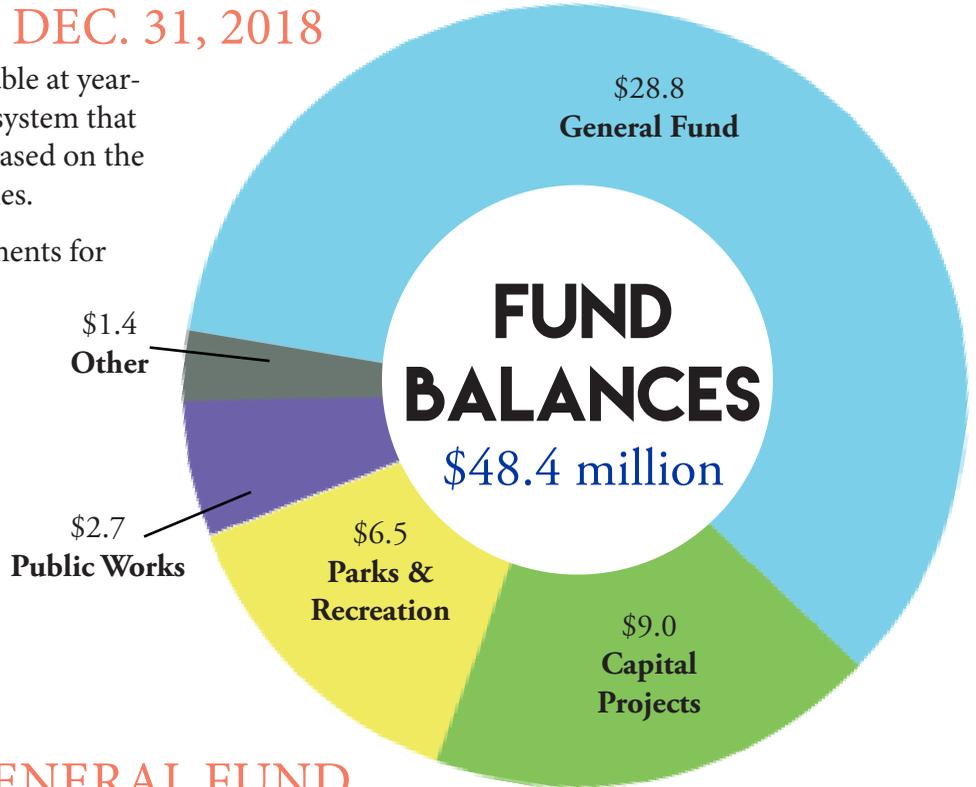
# GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

## FUND BALANCES AT DEC. 31, 2018

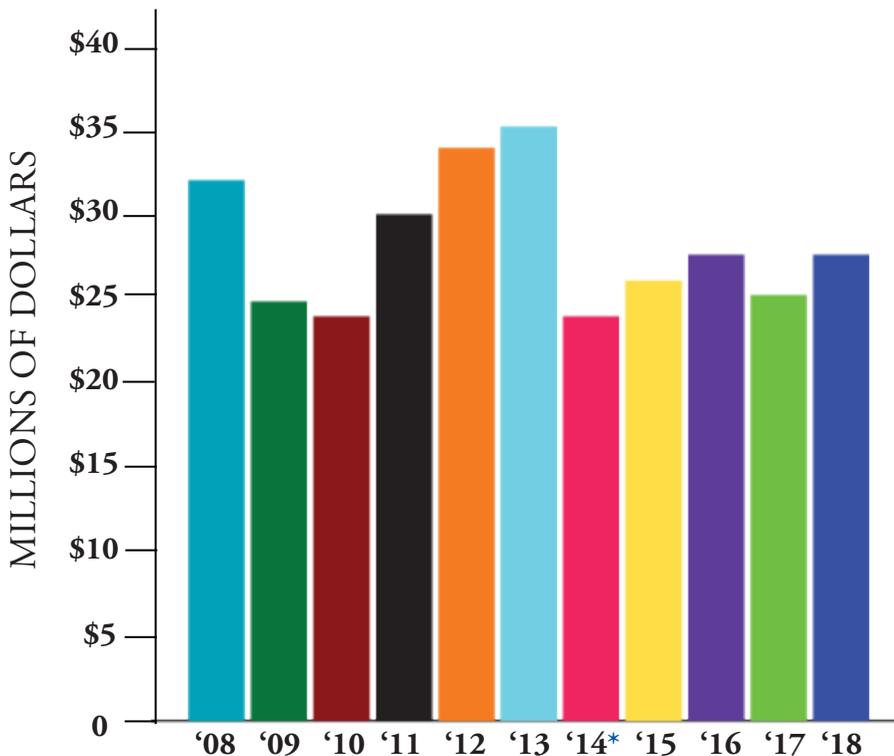
Funds totaling \$48.4 million were available at year-end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

Included in these amounts are commitments for future contracts (“encumbrances”) and other certain specific future uses of fund resources (e.g., prepaid expenses). These portions of fund balances total \$690 thousand.



## UNASSIGNED GENERAL FUND BALANCE (2008-2018)

(in millions)



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

The unassigned fund balance of the General Fund at the end of the year represents funds available that the city can use for any of its purposes. The City’s goal is to maintain an unassigned General Fund balance equal to 75% of annual General Fund expenditures (\$17.7 million). At the end of 2018, this balance was \$28.8 million.

The unassigned General Fund balance increased by \$2.55 million in 2018 primarily as a result of revenues and other financing sources (transfer from Park Fund, sale of assets, insurance proceeds) exceeding expenditures by \$2.7 million.

*\*In 2014, the City used \$15 million of accumulated fund balances to pay 50% of the cost of a new community center.*

# DEBT RELATED TO GOVERNMENTAL ACTIVITIES

In January, 2015 the City issued \$15 million in Certificates of Participation, a form of leasehold revenue bonds, to finance half the cost of the new community center. The certificates bear interest ranging from 2% to 3.15%. At the end of 2018 the total principal outstanding was \$13,165,000.

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

## COMMUNITY CENTER DEBT SCHEDULE

Year	Principal	Interest	Total
<i>(In Thousands of Dollars)</i>			
2019	\$635	\$340	\$975
2020	650	327	977
2021	665	314	979
2022	675	301	976
2023	690	287	977
2024 - 2028	3,705	1,182	4,887
2029 - 2033	4,255	629	4,884
2034 - 2035	1,890	60	1,950
<b>Total</b>	<b>\$13,165</b>	<b>\$3,439</b>	<b>\$16,604</b>



*The Fitness Center within the City's Community Center.*

## TAX INCREMENT FINANCING

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 and debt issuances to provide for eligible expenditures related to the project.

### TIF DISTRICT FINANCIAL SUMMARY

During 2018	South Heights	Westport Plaza	Dorsett	Total
Revenues	\$ 3,486,825	\$ 3,004,468	\$ 233,932	\$ 6,725,225
Expenditures	4,595,857	19,200,000	33,235	23,829,092
Difference	(1,109,032)	(16,195,532)	200,697	(17,103,867)
Notes Issued	0	19,200,000	0	19,200,000
Change	(1,109,032)	3,004,468	200,697	2,096,133
Balance, January 1	1,121,950	850,022	421,611	2,393,583
Balance, December 31	\$ 12,918	\$ 3,854,490	\$ 622,308	\$ 4,489,716

### TIF DISTRICT OUTSTANDING DEBT

	South Heights	Westport Plaza	Dorsett	Total
December 31, 2018	NONE	\$ 19,200,000	NONE	\$ 19,200,000

*Tax Increment Financing debt are special, limited obligations of the City, payable solely from certain pledged revenues. The debt does not, directly, indirectly, or contingently obligate the City. The debt is repaid from future property and sales tax revenue increases from a defined area (district).*

# BUSINESS-TYPE ACTIVITIES

In 2018, the City established the Community Ice Center Fund to account for the financing, construction, and operation of a new 275,000 square foot facility featuring three indoor and one outdoor ice rinks. Construction began in 2018 with a scheduled opening in the Fall of 2019.

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

Revenues in 2018 were comprised of contributions from the Legacy Ice Foundation (who will operate the facility under an agreement with the City), a grant and investment income. The City transferred funds from its Capital Improvement Fund as the City's initial investment in the facility. Expenses in 2018 were comprised of interest expense and bond issuance costs on the debt issued to finance the facility.

## COMMUNITY ICE CENTER FUND

Revenues and Contributions		
Contributions from Legacy Ice Foundation	\$15,574,640	
Grant Revenue—St. Louis County Port Authority	500,000	
Investment Income	541,056	
	Total Revenues	\$16,615,696
	Transfer from Capital Improvements Fund	5,874,640
	Total Revenues, Contributions and Transfers-In	22,490,336
Expenses		
Bond Issuance Cost	\$1,831,852	
Interest Expense	1,099,733	
	Total Expenses	2,931,585
	Increase/Net Position - December 31, 2018	\$19,558,751



*The Community Ice Center will be the official practice home of the St. Louis Blues. Construction of their rink is shown above.*

## COMMUNITY ICE CENTER DEBT SCHEDULE

Year	Principal	Interest	Total
2019	\$0	\$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
<b>Total</b>	<b>\$55,550,000</b>	<b>\$56,269,706</b>	<b>\$111,819,706</b>

In 2018, the Maryland Heights Industrial Development Authority issued \$55.55 million in revenue bonds to finance construction of the Community Ice Center. The bonds will be paid from revenues generated by the facility. The City has agreed, subject to annual appropriation, to pay up to \$625,000 per year to provide for any shortfall.

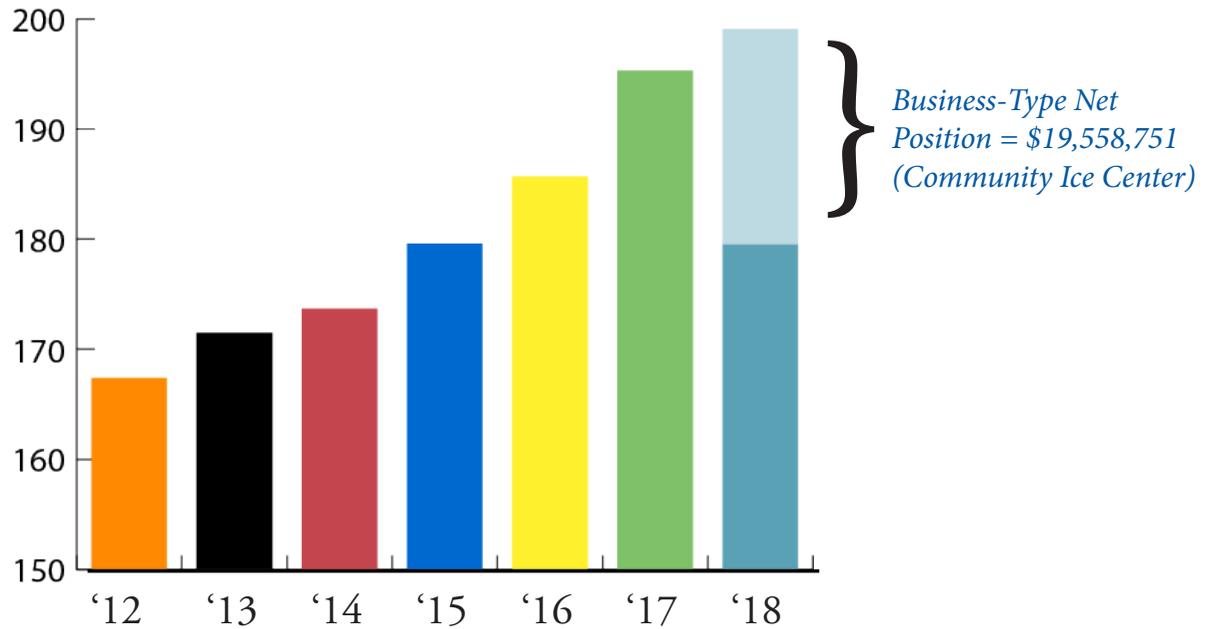
# NET POSITION

As previously noted, this report emphasizes the 2018 financial results and the available fund balances as of December 31, 2018 of all governmental and business-type funds. Governmental funds focus on near-term inflows and outflows of expendable resources and the resulting balances available at the end of the fiscal year.

The City also issues Government-wide financial statements in its Comprehensive Annual Financial Report. These statements are designed to provide readers with a broad overview of the City similar to a private-sector business. Included is a "Statement of Net Position." This statement defines net position as the difference between all assets and all liabilities. The key consideration in analyzing net position is not so much the amount itself but the direction and speed at which it is increasing or decreasing. The City's net position has increased steadily as shown below. The combined net position including governmental and business-type activities totaled \$199 million in 2018. Governmental net position decreased \$17 million in 2018 primarily due to the issuance of \$19.2 million in notes for the Westport Plaza TIF (see page 7 for more information).

## GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES NET POSITION (2014-2018)

(in millions of dollars)



(L-R) The site plan of the Community Ice Center. ; Custom shovels used at the Center's ground breaking ceremony. ; Mayor Moeller appraises the Center's ice making equipment.

# SALES TAX RATES IN MARYLAND HEIGHTS

The total tax on retail sales in Maryland Heights is 8.2375% (effective April 1, 2019).

Levying Jurisdiction	Rate*	Maryland Heights 2018 Share**
State of Missouri	4.225%	NONE
St. Louis County — General	1.000%	\$4,789,043
St. Louis County — Transportation	1.250%	NONE
St. Louis County — Public Safety	0.500%	\$1,502,518
Various Others	0.7625%*	NONE
<b>Maryland Heights — Parks</b>	<b>0.500%</b>	<b>\$4,782,525</b>
<b>Total</b>	<b>8.2375%</b>	<b>\$11,074,086</b>

\*Includes a rate increase of .125% effective April 1, 2019.

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

## SALES TAX COMPARISONS

The total sales tax rate in Maryland Heights is one of the lowest of municipalities in St. Louis County. The tax rates (as of April 1, 2019) of surrounding cities:

City	Rate*
Hazelwood	9.7375%
Kirkwood	9.7375%
Des Peres	9.2375%
Olivette	9.2375%
St. Ann	8.9875%
Town and Country	8.9875%
Bridgeton	8.9875%
Chesterfield	8.7375%
Creve Coeur	8.4875%
<b>Maryland Heights</b>	<b>8.2375%</b>

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

## UTILITY TAX

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

## GAMING TAX

Casino gaming arrived in Maryland Heights in March of 1997 and immediately became a major source of tax revenue to fund the City's governmental activities and infrastructure improvements. The City as a "host city" as defined by Missouri law, receives a tax of \$1 per casino admission and 2.1% of net gaming receipts. The City's share of the taxes peaked at over \$17 million in 2000 but has steadily decreased as more casinos have entered the St. Louis market. In 2018, the City received \$10 million.



# 2018 IN REVIEW

## CAPITAL IMPROVEMENT PLAN (CIP)

The City's Capital Improvement Plan (CIP) for the five years 2019 to 2023 projects investment in infrastructure improvements, major equipment, and facilities of about \$24 million. During 2018, a biking/hiking trail was completed at a cost of \$6 million. Other notable projects completed in 2018 include the reconstruction of Delord Avenue, overlaying of Smiley Road and continuation of sidewalk construction throughout the city.

## HIKING AND BIKING TRAIL

The expansion of the McKelvey Woods Trail, now referred to as the Fee Fee Greenway, to St. Louis County's Creve Coeur Park was completed in 2018 with a Grand Opening Celebration held in July. The expanded greenway now stretches 3 miles from the City's recreation complex to Creve Coeur Park.



*The Fee Fee Greenway near the end of construction.*

## ECONOMIC DEVELOPMENT

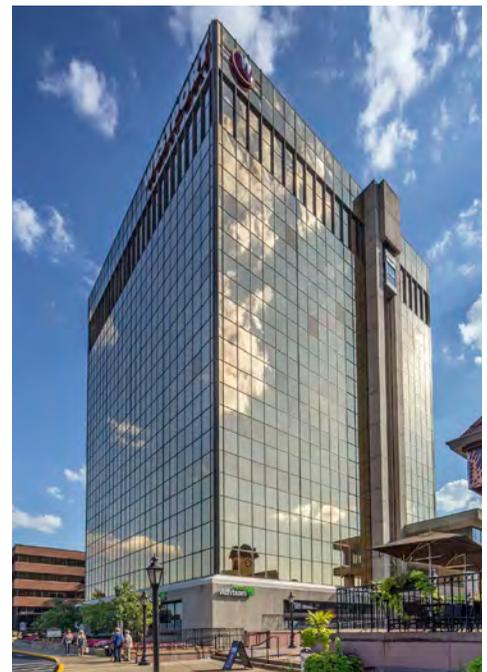
Commercial development activities remained strong in 2018. The year was highlighted by the commencement of construction of the St. Louis Community Ice Center, a 275,000 square foot facility featuring four rinks of ice. The Center will serve as the official training and practice home of the National Hockey League's St. Louis Blues, as well as host youth and collegiate ice hockey teams and tournaments, amateur hockey, 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 Chop House and a sporting goods retailer. The Ranken Jordan Pediatric Bridge Hospital completed construction of its 75,000 square foot expansion.

# ECONOMIC DIVERSITY

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 are located in the City, creating a healthy mixture of commerce. Prominent names include Edward Jones, Charter Communications, Magellan Behavioral Health, Watlow Electric, World Wide Technologies, and United Healthcare of the Midwest.

## HOSPITALITY, ENTERTAINMENT AND RECREATION

The City's economy is bolstered by a strong presence of hospitality, entertainment and recreation uses. Maryland Heights is home to nearly 4,000 hotel rooms (second in number to downtown St. Louis), Hollywood Casino, Creve Coeur Park, Hollywood Casino Amphitheatre, the Westport Plaza entertainment complex, the Lou Fusz and St. Louis County soccer complexes, numerous restaurants and countless other entertainment venues. The new Community Ice Center and the planned entertainment district surrounding it will expand these offerings.



*The Gold Tower at Westport Plaza.*

# MAYOR AND CITY COUNCIL (FY 2018)



**Mayor**  
**Mike Moeller**  
878-6730

**City Administrator**  
**Jim Krischke**  
738-2201

**Finance Director**  
**Dave Watson**  
738-2220

## WARD 1



**David Grant**  
384-2395



**Gavin Park**  
899-5204

## WARD 2



**Kim Baker**  
275-4954



**Ed Dirck**  
878-9001

## WARD 3



**Chuck Caverly**  
*Pres. Pro Tem*  
566-0424



**Nancy Medvick**  
703-8987

## WARD 4



**Steve Borgmann**  
393-9448



**Norm Rhea**  
739-0096

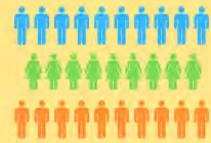
# COMMUNITY PROFILE

Maryland Heights, Missouri

## QUICK FACTS

**27,472 RESIDENTS**

- Median Resident Age: 35 Years
- 48.7% of residents are male
- 51.3% of residents are female
- 60% of residents are registered voters



**HOUSEHOLDS 13,092**



- Median Household Income: \$56,199
- Per Capita Income: \$29,587
- Median Value of Owner-Occupied Housing: \$140,000

**Est. 1985 GOVERNMENT**

- Incorporation Date: May 9, 1985
- Structure: Mayor/Council/City Administrator
- Area: 23.42 square miles
- Number of Employees (Full-Time): 200
- Number of Police Officers: 79
- Miles of Streets Maintained: 97.12
- Number of Street Lights: 1,963
- Issuer Credit Rating (S&P): AA+



**BUSINESSES 1,731**



- Employment Hub of 45,000 jobs
- Unemployment Rate: 3.6%
- Top 5 largest employers:
  - Edward Jones: 1,833
  - Charter Communications: 1,587
  - World Wide Technology: 1,521
  - Magellan Health Services: 1,350
  - Hollywood Casino: 1,256