



POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2019

CITY OF MARYLAND HEIGHTS, MISSOURI



Department of Finance
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OUR MISSION

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

WHAT'S A PAFR?

The 2019 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/2019CAFR 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, 2018. 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, 2018

Christopher P. Morrill

Executive Director/CEO

GOVERNMENTAL ACTIVITIES

The 2019 financial results of the City of Maryland Heights for general government purposes were as follows (*in thousands*):

All Funds – Governmental

Revenues	\$ 42,406,870
Proceeds from TIF Note Issuance	6,662,500
Transfer to Community Ice Center	(100,000)
Other Sources/uses	185,006
Expenditures:	(47,781,032)
Difference:	\$ 1,373,344
Fund Balances - beginning 2019	52,873,590
Fund Balances - at the end 2019	<u>\$ 54,246,934</u>

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

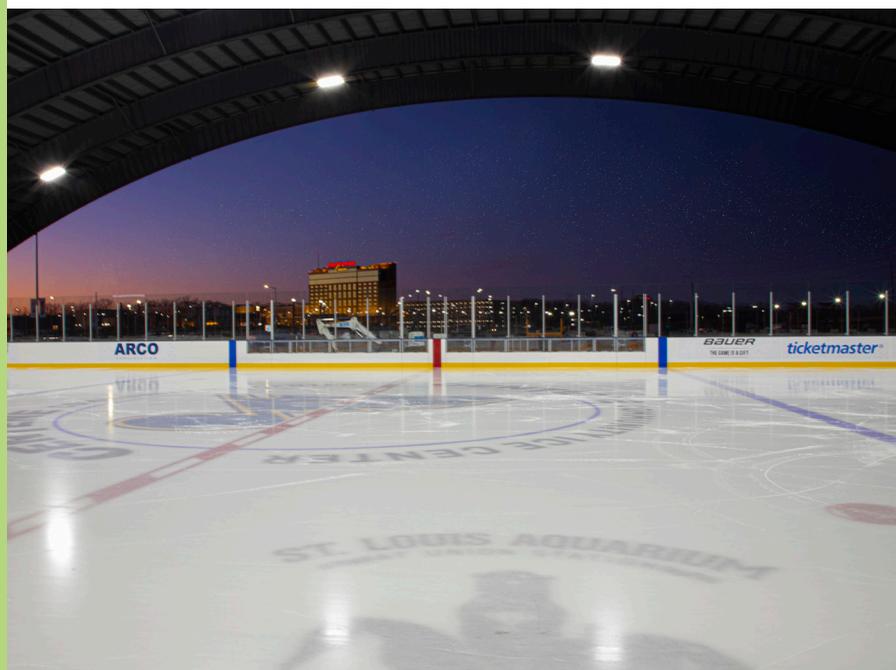
BUSINESS-TYPE ACTIVITIES

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. The facility opened in September of 2019.

Community Ice Center

Revenues	\$ 3,829,091
Expenses	(6,057,337)
Transfer in	100,000
Change in Net Position	\$ (2,128,246)
Net position at end of 2018	19,558,751
Net position at end of 2019	<u>17,430,505</u>

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



CITY FUNCTIONS

Governmental Activities and Services

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

Governmental Activities: Tax Increment Financing

- Dorsett Road
- Westport Plaza

Business-Type Activities

- Community Ice Center

GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

REVENUES

City revenues decreased 5.2 percent in 2019 from 2018. Intergovernmental revenue decreased \$1.4 million primarily due to large capital grants received in 2018 for specific infrastructure projects. Otherwise, excluding intergovernmental, revenues decreased \$604 thousand (1.6%). Three revenue sources combine to comprise 73% of all governmental revenues. The results in 2019:

- Gaming taxes (27% of total revenue) dropped slightly to \$9.98 million from \$10 million in 2018.
- Sales taxes (31% of total revenue) has three elements:
 - The General Fund receives a share of a 1% County-wide general sales tax. In 2019, this tax generated \$4.7 million, down 1% from 2018.
 - The General Fund also receives a portion of a half-cent County-wide public safety sales tax. In 2019, the City received \$1.5 million, up 1% from 2018.
 - The City levies a half-cent sales tax for Parks. In 2019, the City received \$5.0 million, up 4.6% from 2018.
- Gross receipts tax on utilities (15% of total revenue) decreased 13% in 2019 from \$6.4 million to \$5.9 million. Electric utilities were the major area of decline.

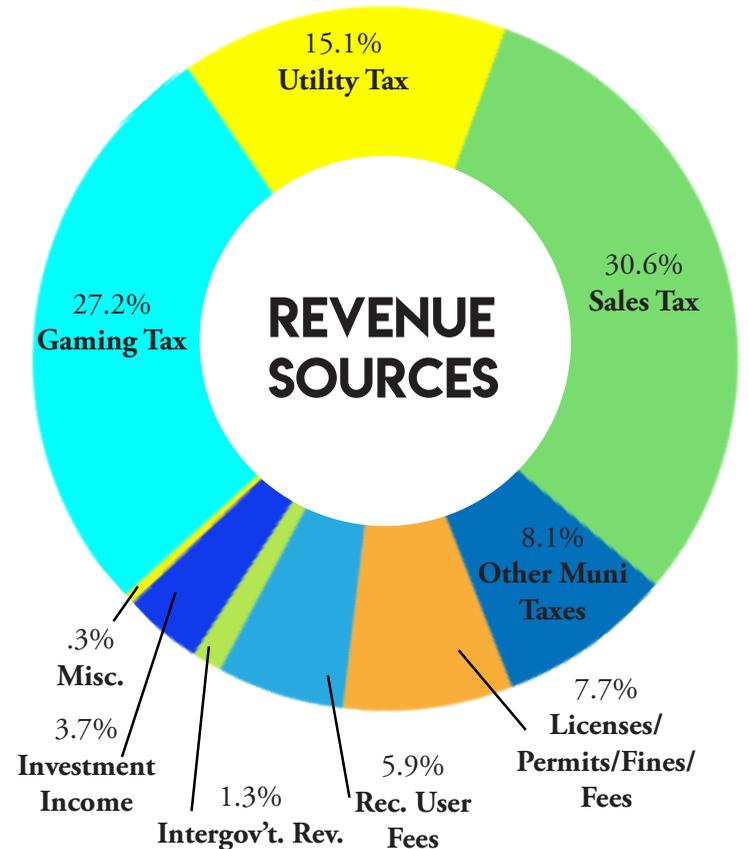
Significant changes to other revenue sources in 2019:

- Licenses, permits, fines and fees decreased 13% (\$432 thousand) in 2019. Building permits decreased \$166 thousand from \$793 thousand in 2018 to \$627 thousand in 2019. Court fines and fees fell \$233 thousand in 2019 from \$1.22 million in 2018 to \$989 thousand in 2019.
- Recreation revenues increased \$586 thousand (39%) in 2019 from 2018 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 \$512 thousand in 2019.

WHERE DOES THE MONEY COME FROM?

<i>In Thousands of Dollars</i>	2017	2018	2019
Gaming Tax	\$10,388	\$10,010	\$9,983
Sales Tax	9,272	11,074	11,246
Utility Tax	5,893	6,373	5,538
Intergovernmental	5,953	1,887	488
Licenses, Permits, Fines, Fees	3,552	3,271	2,839
Other Municipal Taxes	2,804	2,999	2,981
Recreation User Fees	1,512	2,098	2,158
Miscellaneous	186	148	112
Investment Income	517	857	1,369
Total Revenue	\$40,077	\$38,717	\$36,714

REVENUE SOURCES



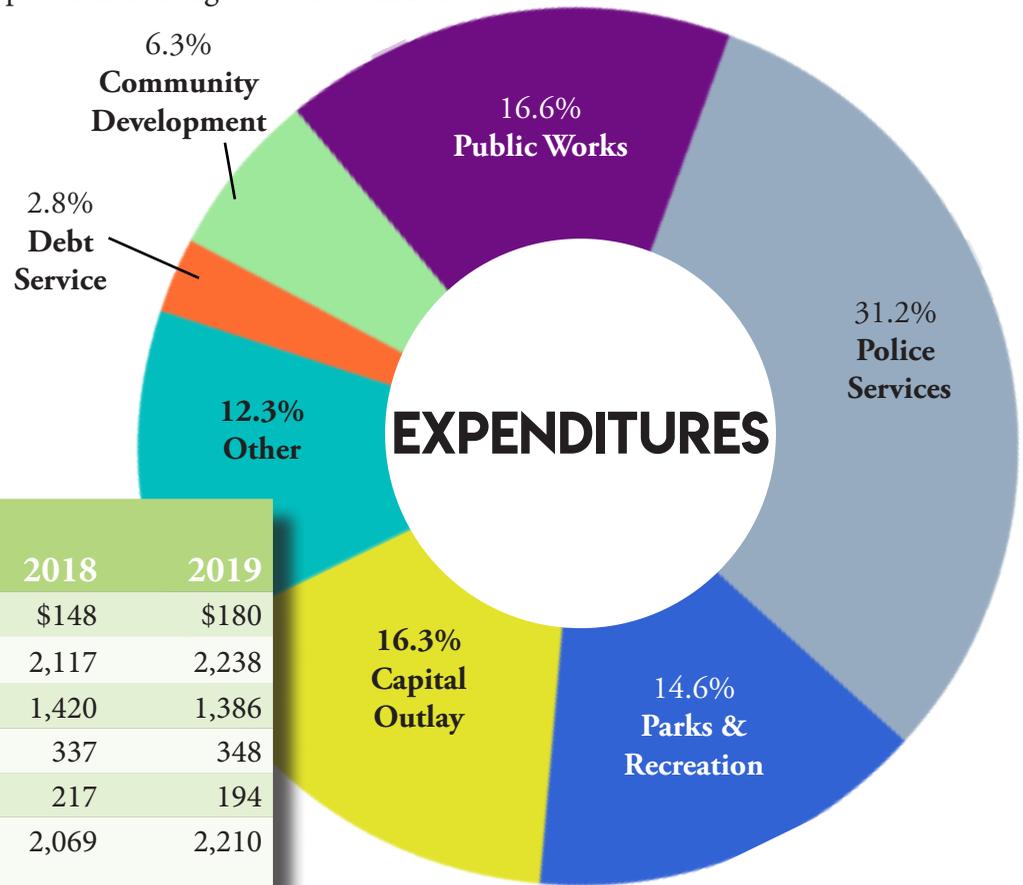
GOVERNMENTAL ACTIVITIES

EXPENDITURES

(Not Including Tax Increment Financing)

Total expenditures increased \$810 thousand (2.3%) in 2019 from 2018 primarily the result of higher capital outlay in 2018. Notably, in 2019, the City expended \$563 thousand more in street and sidewalk renovations than in 2018.

Operating expenditures increased \$33 thousand (.1%) in 2019. While some activities showed increases or decreases as a result shifting resources, no major operational changes occurred in 2019.



WHERE DOES THE MONEY GO?

<i>In Thousands of Dollars</i>	2017	2018	2019
Legislative	\$161	\$148	\$180
General Services	2,052	2,117	2,238
Finance	1,316	1,420	1,386
Judicial	328	337	348
Human Services	211	217	194
Community Development	2,043	2,069	2,210
Public Works	5,666	5,733	5,845
Police Services	10,593	11,264	11,019
Parks & Recreation	4,511	5,214	5,135
Total Operating	26,881	28,519	28,555
Debt Service	975	978	975
Capital Outlay	13,276	4,981	5,758
Total Expenditure	\$41,132	\$34,478	\$35,288

In 2019, the City's celebration of the world's cultures returned for the first time since 2015 to be hosted in the new community center. The event, now known as WorldFest and previously known as the International Festival, celebrates Maryland Heights' diversity and showcases the traditions, art and cuisine of cultures represented in our community and throughout the world. Dancers with the Meghan Torno School of Irish Dance are shown in this photo.



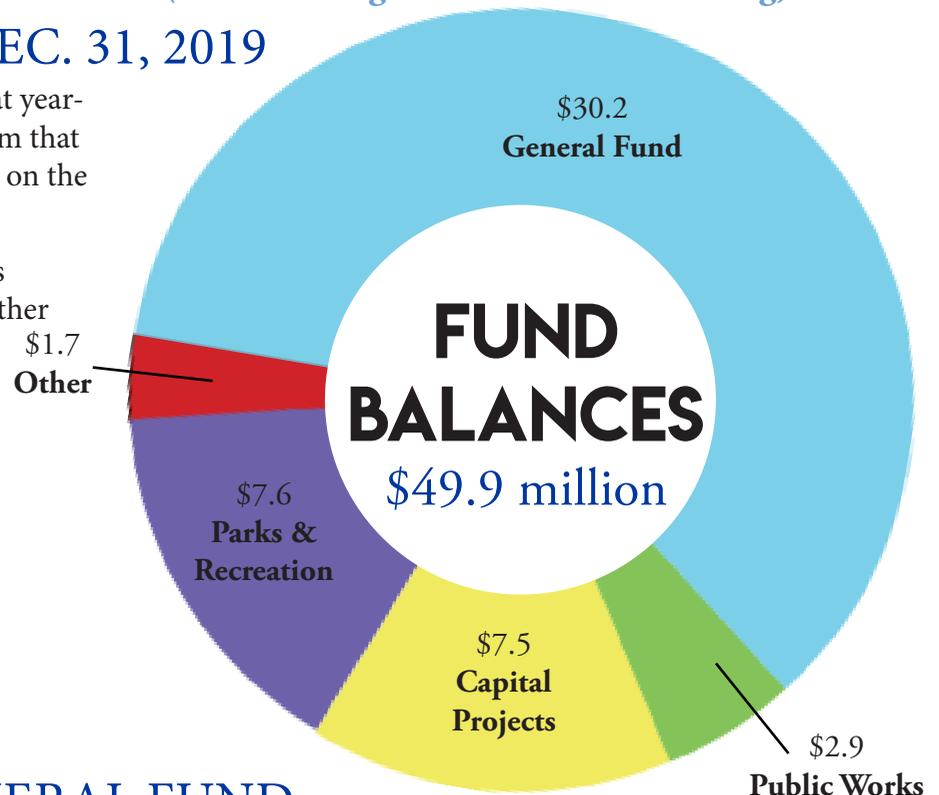
GOVERNMENTAL ACTIVITIES

(Not Including Tax Increment Financing)

FUND BALANCES AT DEC. 31, 2019

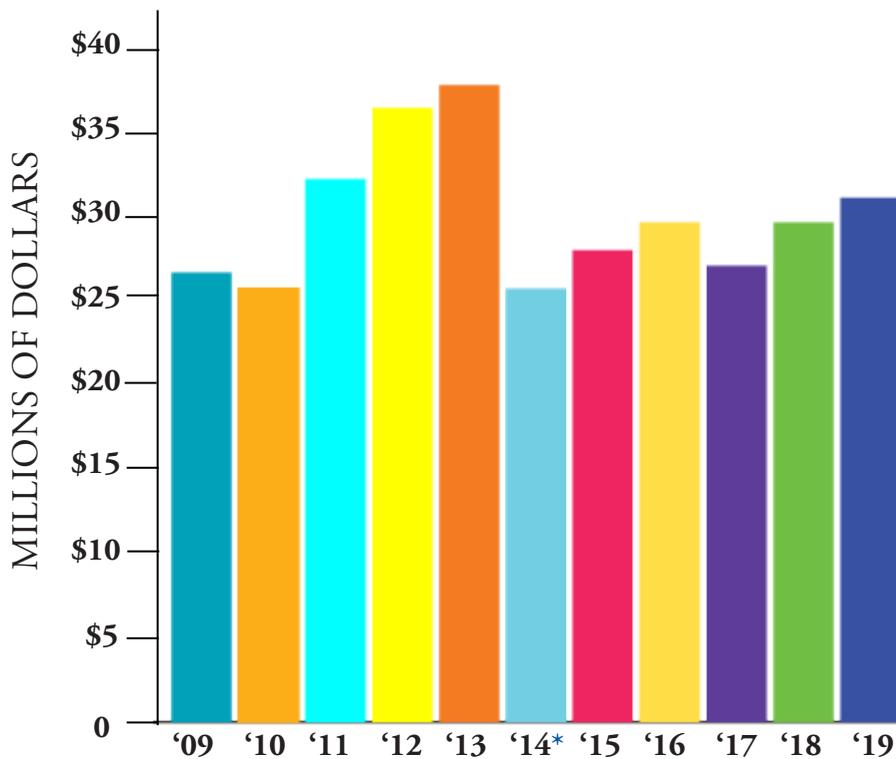
Funds totaling \$49.9 million were available at year-end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

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 \$1.34 million.



UNASSIGNED GENERAL FUND BALANCE (2009-2019)

(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 (\$17.6 million). At the end of 2019, this balance was \$30.2 million.

The unassigned General Fund balance increased by \$1.41 million in 2019 primarily as a result of revenues and other financing sources (transfer from Park Fund, sale of assets, insurance proceeds) exceeding expenditures by \$1.96 million less \$528 thousand to be used to balance the 2020 budget.

**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 2019 the total principal outstanding was \$12,530,000.

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
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	\$12,530,000	\$3,099,009	\$15,629,009



The Aquatic Center within the City’s Community Center.

TAX INCREMENT FINANCING

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

TIF DISTRICT FINANCIAL SUMMARY

During 2019	Westport Plaza	Dorsett	Total
Revenues	\$ 5,431,182	\$ 261,762	\$ 5,692,944
Expenditures	11,763,464	729,361	12,492,825
Difference	(6,332,282)	(467,599)	(6,799,881)
Notes Issued	6,662,500	0	6,662,500
Change	330,218	(467,599)	(137,381)
Balance, January 1	3,854,490	622,308	4,476,798
Balance, December 31	\$ 4,184,708	\$ 154,709	\$ 4,339,417



The Westport Plaza TIF allowed for the improvement of the Plaza’s infrastructure, which attracted new investment in entertainment, office and dining establishments.

TIF DISTRICT OUTSTANDING DEBT

	Westport Plaza	Dorsett	Total
December 31, 2019	\$ 22,486,377	NONE	\$ 22,486,477

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

BUSINESS-TYPE ACTIVITIES

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

Revenues generated from leases, including a 30-year lease with the St. Louis Blues National Hockey League franchise for use as their training and practice facility, and other user fees are expected to provide for the operating, capital and debt service needs. In 2019, revenues from leases, sponsorships and programs totaled \$1.8 million. Additionally, a grant from the St. Louis County Port Authority and contributions from a special taxing district provided \$965,253 and investment income was \$922,271. Expenses for operating, debt service and depreciation amounted to \$6,057,337. A transfer of \$100,000 from the City's Park Fund pursuant to a financing agreement also provided funds for the Ice Center. Unrestricted net position decreased from \$4,225,307 to a negative \$5,931,900 due to the excess of expenses over revenues and transfers in (\$2,128,246) and an increase in the investment in capital assets, net of debt (\$7,990,511).

COMMUNITY ICE CENTER FUND

Revenues and Contributions	2018	2019
Operating Revenues		\$1,941,117
Contributions from Legacy Ice Foundation	\$15,574,640	
Contributions from Community Improvement District		465,253
Grant Revenue—St. Louis County Port Authority	500,000	500,000
Investment Income	541,056	922,721
Total Revenues	\$16,615,696	\$3,829,091
Transfer from Governmental Funds	5,874,640	100,000
Total Revenues, Contributions and Transfers-In	<u>22,490,336</u>	<u>3,929,091</u>
Expenses		
Operating Expenses		\$3,359,769
Bond Issuance Cost	\$1,831,852	
Interest Expense	1,099,733	2,697,568
Total Expenses	<u>\$2,931,585</u>	<u>\$6,057,337</u>
Increase/Decrease in Net Position	\$19,558,751	(2,128,246)
Net Position January 1	0	19,558,751
Net Position December 31	<u>19,558,751</u>	<u>17,430,505</u>

COMMUNITY ICE CENTER DEBT SCHEDULE

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.

Year	Principal	Interest	Total
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	\$55,550,000	\$53,258,295	\$108,808,295

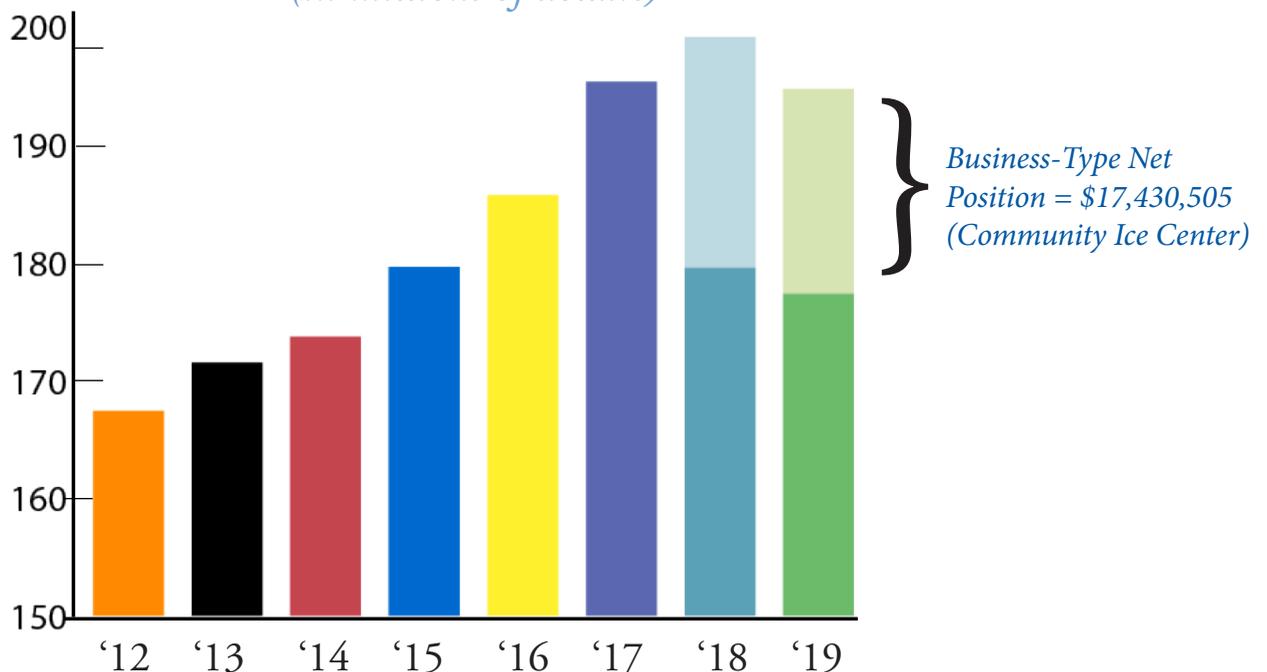
NET POSITION

As previously noted, this report emphasizes the 2019 financial results and the available fund balances as of December 31, 2019 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 of governmental and business-type activities totaled \$194 million at the end of 2019. Governmental net position decreased in 2018 and 2019 due to the issuance of \$25 million in tax increment financing outstanding notes for the Westport Plaza redevelopment area.

GOVERNMENTAL & BUSINESS-TYPE ACTIVITIES NET POSITION (2012-2019)

(in millions of dollars)



(L-R) Construction of the outdoor rink/concert venue’s roof structure. ; Children participating in the City’s Learn to Skate program; The first practice of the NHL’s St. Louis Blues in their rink at the facility.

SALES TAX RATES IN MARYLAND HEIGHTS

Levying Jurisdiction	Rate	Maryland Heights 2019 Share*
State of Missouri	4.225%	NONE
St. Louis County — General	1.000%	4,728,488
St. Louis County — Transportation	1.250%	NONE
St. Louis County — Public Safety	0.500%	\$1,502,518
Various Others	0.7625%*	NONE
Maryland Heights — Parks	0.500%	\$5,000,792
Total	8.2375%	\$11,245,681

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

SALES TAX COMPARISONS

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

City	Rate
St. Ann	9.9875%
Hazelwood	9.7375%
Kirkwood	9.2375%
Des Peres	9.2375%
Olivette	9.2375%
Town and Country	8.9875%
Bridgeton	8.9875%
Chesterfield	8.7375%
Creve Coeur	8.4875%
Maryland Heights	8.2375%

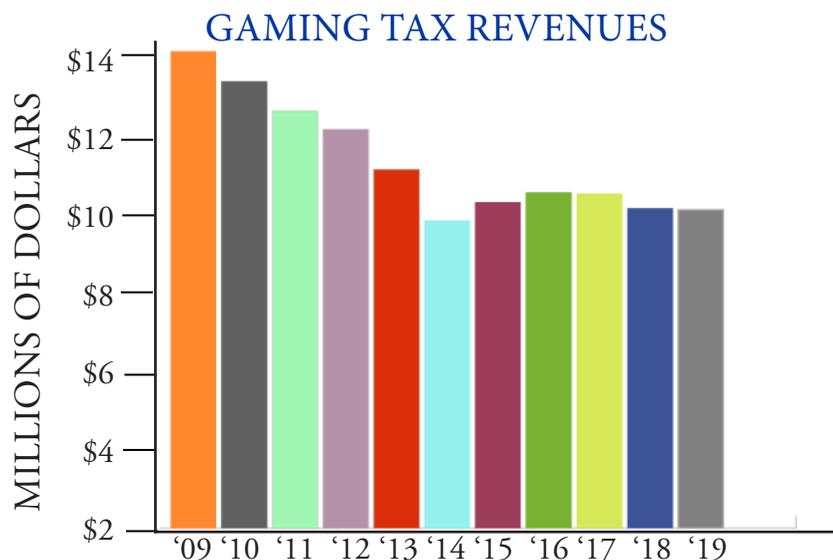
Note: The City of Maryland Heights does not levy a property tax.

UTILITY TAX

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

GAMING TAX

Casino gaming arrived in Maryland Heights in March of 1997 and immediately became a major source of tax revenue to fund the City's governmental activities and infrastructure improvements. The City as a "host city" as defined by Missouri law, receives a tax of \$1 per casino admission and 2.1% of net gaming receipts. The City's share of the taxes peaked at over \$17 million in 2000 but has steadily decreased as more casinos have entered the St. Louis market. In 2019, the City received \$9,982,640.



2019 IN REVIEW

CAPITAL PROJECTS

The City's capital improvement plan (CIP) for the five years 2020 to 2024 projects investment in infrastructure improvements, major equipment, and facilities of about \$27 million. In 2019, improvements were made to roads that service the City's industrial business parks and sidewalks that service residential neighborhoods.

ECONOMIC DEVELOPMENT

Commercial development activities remained strong in 2019. The year was highlighted by the opening of the Community Ice Center (also known as the Centene Community Ice Center) , a 275,000 square foot facility featuring four rinks of ice. The Center serves 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. Scheduled for completion in 2020 is the St. Louis Music Park, an outdoor 4,500 seat amphitheater on the Ice Center's outdoor rink. Live Nation will promote and schedule summer concerts at the venue.

Safety National, a leading specialty insurance provider, broke ground on an expansion of its corporate headquarters campus in Maryland Heights to include a new three-story 150,000 square foot office building. Through the expansion, they will be able to accommodate 750 more employees. Numerous construction projects were completed in 2019 including a new Panera/St. Louis Bread Company restaurant and two new gas stations.



Excited fans fill the Ice Center to watch the NHL's St. Louis Blues at their inaugural training camp at the new facility.

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.



With over 4,000 hotel rooms throughout the City, Maryland Heights has the second most hotels rooms of any city in the region (downtown St. Louis has the most).

MAYOR AND CITY COUNCIL

(as of June 16, 2020)



Mayor
Mike Moeller
(314) 878-6730

WARD 1



Julia Bietsch
(573) 330-0415



Susan Taylor
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WARD 2



Kim Baker
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Ed Dirck
Pres. Pro Tem
(314) 878-9001

WARD 3



Chuck Caverly
(314) 566-0424



Nancy Medvick
(314) 703-8987

WARD 4



Steve Borgmann
(314) 393-9448



Norm Rhea
(314) 739-0096

COMMUNITY PROFILE

Maryland Heights, Missouri

QUICK FACTS

27,472 RESIDENTS

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

HOUSEHOLDS 13,092

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

EST. 1985 GOVERNMENT

- Incorporation Date: May 9, 1985
- Structure: Mayor/Council/City Administrator
- Area: 23.42 square miles
- Number of Employees (Full-Time): 200
- Number of Police Officers: 79
- Miles of Streets Maintained: 97.12
- Number of Street Lights: 1,961
- Issuer Credit Rating (S&P): AA+

BUSINESSES 1,811

- Employment Hub of 45,000 jobs
- Unemployment Rate: 2.5%
- Top 5 Largest Employers
 - Charter Communications: 2,094
 - Edward Jones: 1,874
 - World Wide Technology: 1,452
 - Magellan Health Services: 1,350
 - Hollywood Casino: 1,256