

**Popular Annual
Financial Report
(PAFR)**

**For the fiscal year ended
December 31, 2015**



City of
MARYLAND HEIGHTS

Introduction

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/2015CAFR or the Government Center.

The information contained herein is taken from the City’s CAFR and is presented for the purpose of communicating the City’s financial position. All general government activities are included with exception of two Tax Increment Financing (TIF) funds (South Heights TIF Fund and Dorsett TIF Fund), which do not reflect services provided by the City. Debt issued for TIF purposes is also not included in this report.

The 2015 financial results of the City of Maryland Heights for general government purposes were as follows (in thousands):

Revenues	\$ 34,708,896
Other sources-Debt	15,109,107
Other sources	68,375
Expenditures	(40,931,419)
Difference	\$ 8,954,929

The City received \$8.95 million more from revenues and other sources than was expended in 2015. The issuance in January, 2015 of \$15 million in Certificates of Participation to finance about half the cost of a new community center provides for most of the increase; the City expended \$10.2 million for construction costs related to the project. In addition, the City invested \$4.3 million on other long lasting capital assets including infrastructure (roads, bridges, storm sewers) improvements.

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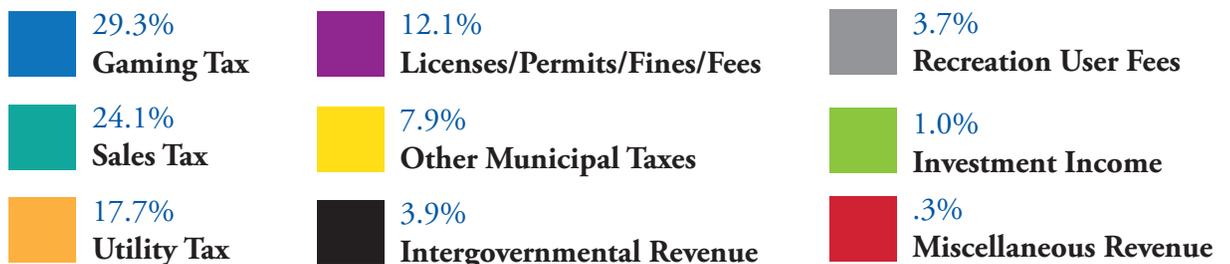
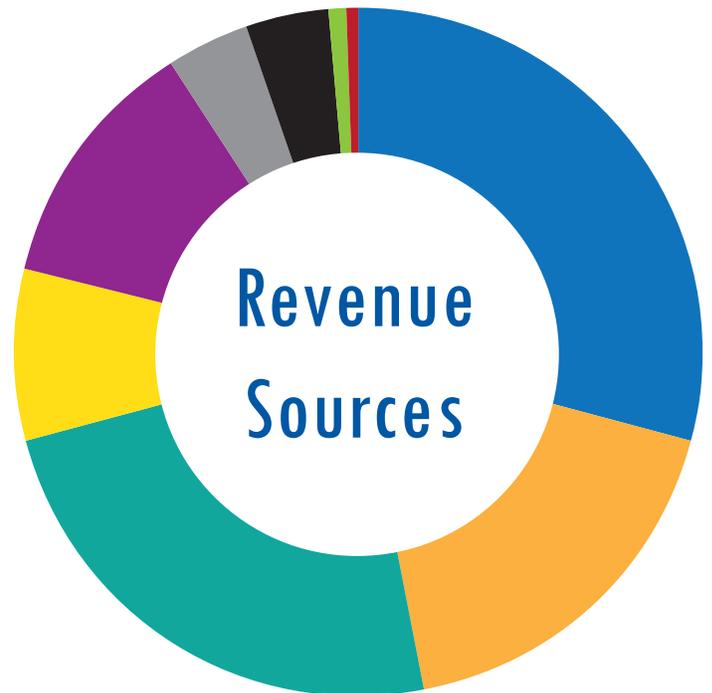
Revenues

City revenues increased 4.5 percent in 2015 from 2014. The most significant changes:

- An increase of \$458 thousand (4.7%) in gaming tax revenues. This source has dropped every year since 2006 due to increased competition and a stagnant overall St. Louis market for gaming.
- An increase of \$587 thousand (76.6%) in grants and reimbursements for specific infrastructure projects.
- The increase in Charges for Services is primarily from building permits reflecting robust commercial development activity in 2015.
- Investment income decreased \$252 thousand in 2015 from 2014 primarily due market conditions of securities held by the City. An increase in interest rates at year-end caused a significant increase in the value of some holdings. The City plans to hold the investments to maturity.
- Sales taxes increased 4.2% (\$334 thousand) in 2015 primarily from the City’s half-cent sales tax to fund Parks and Recreation services.
- Recreation revenues increased 11.2% in 2015 due to increased program fees and activity at the City’s water park, Aquaport.
- The gross receipts tax on utilities decreased 2 percent (\$125 thousand) in 2015 due to a mild winter and low natural gas prices which cause lower receipts by the gas utility serving the businesses and residents in the City.

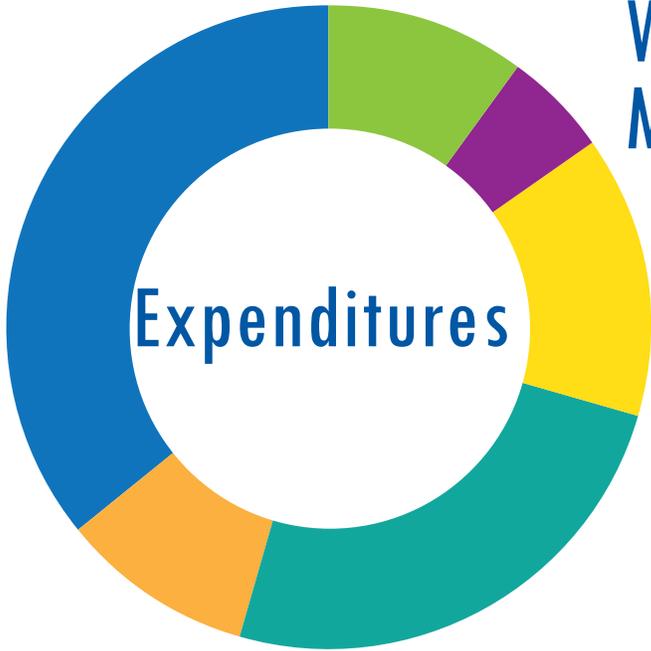
WHERE DOES THE MONEY COME FROM?

<i>In Thousands of Dollars</i>	2013	2014	2015
Gaming Tax	\$10,992	\$9,705	\$10,163
Utility Tax	6,249	6,270	6,145
Sales Tax	7,275	8,033	8,367
Other Municipal Taxes	2,544	2,716	2,740
Licenses, Permits Fines, Fees	3,947	3,855	4,193
Recreation User Fees	1,163	1,146	1,274
Intergovernmental	2,028	766	1,353
Investment Income	4	616	364
Miscellaneous	833	103	110
Total Revenue	\$35,035	\$33,210	\$34,709



Expenditures

Total expenditures increased 20.2 percent in 2015 from 2014 primarily the result of significant capital outlay. Notably, the City expended \$10.2 million in 2015 for construction of the new community center. Other capital outlay for equipment, vehicles, facilities and infrastructure improvements amounted to \$4.3 million. The issuance of \$15 million in long-term debt in the form of Certificates of Participation in 2015 to fund half the estimated cost of the new community center account for the \$567 thousand debt service cost. Operating expenditures decreased slightly due to low motor fuel costs and a mild winter that resulted in low snow removal costs.



- 35.8% **Capital Outlay**
- 25.1% **Police Services**
- 14.2% **Public Works**
- 10.2% **Other**
- 9.5% **Parks and Recreation**
- 5.2% **Community Development**

WHERE DOES THE MONEY GO?

<i>In Thousands of Dollars</i>	2013	2014	2015
Legislative	\$155	\$150	\$148
General Services	1,579	1,769	1,786
Finance	1,413	1,513	1,405
Judicial	368	350	430
Human Services	304	323	337
Community Development	1,838	1,912	2,089
Public Works	5,735	5,848	5,724
Police Services	9,980	10,189	10,144
Parks and Recreation	3,949	3,992	3,852
Debt Service	0	0	567
Capital Outlay	8,095	8,007	14,449
Total Revenue	\$33,416	\$34,053	\$40,931

NEW COMMUNITY CENTER PLANS

The City's Capital Improvement Plan (CIP) for the five years 2015 to 2019 projects investment in infrastructure improvements, major equipment, and facilities of about \$54 million. Included in the CIP is the planning, design and construction of a new community center. During 2014, the design phase was completed. The construction is scheduled for 2015 through the middle of 2016. The current plan calls for a \$30 million facility that includes various recreation and leisure activities. In January 2015, the City issued \$15 million in debt and will finance the remainder from the General Fund.



Groundbreaking, March 2015

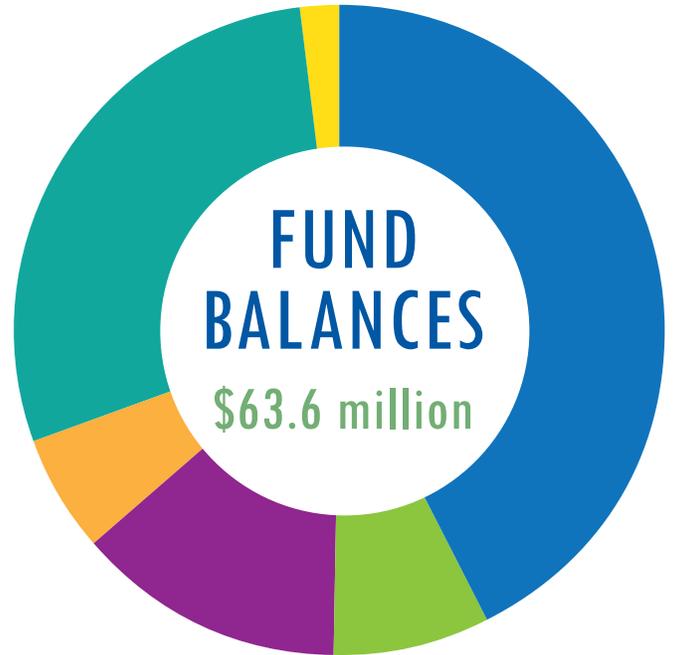
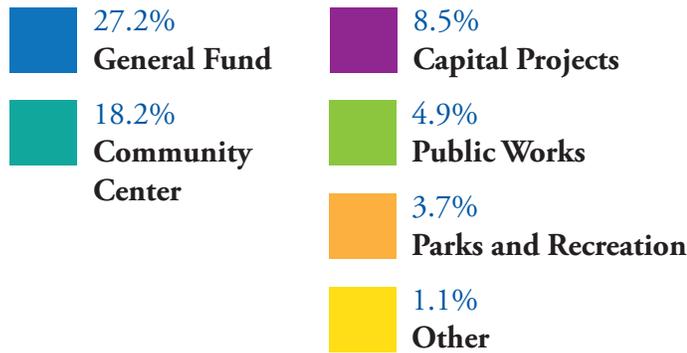


Roof Installation, Fall 2015

Fund Balances at Dec. 31, 2015

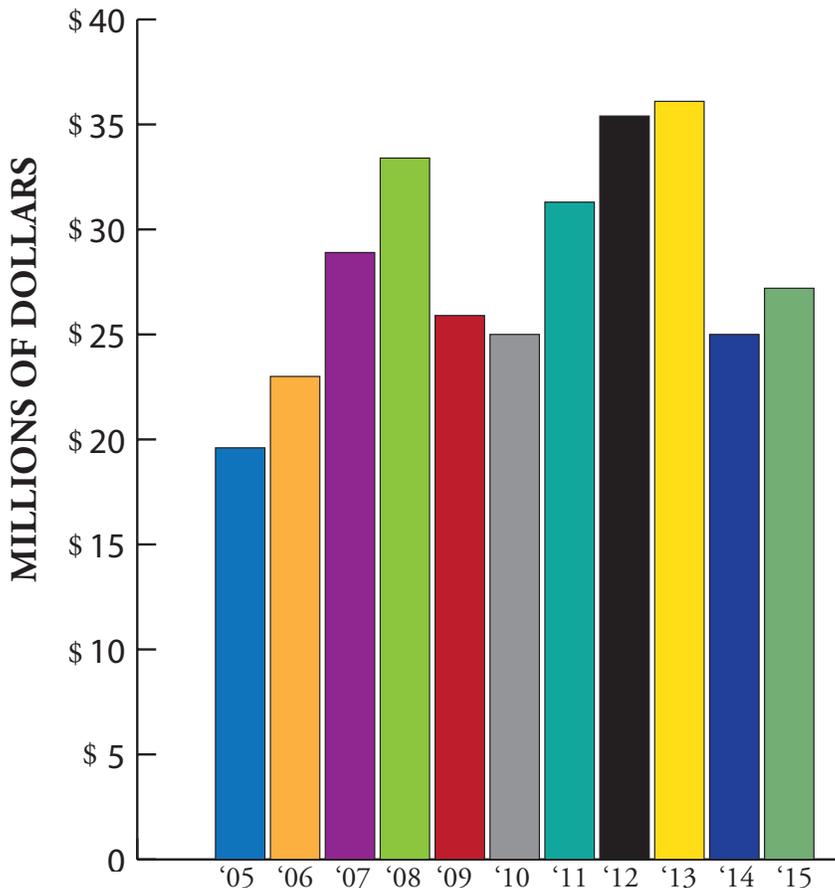
Funds totaling \$63.6 million were available at year end. The City maintains an accounting system that separates resources into various funds based on the restricted or committed use of the monies.

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 \$22.1 million and include \$16.0 million for the completion of the community center construction and \$5.3 million in infrastructure capital projects under way at year end.



Unassigned General Fund Balance (2005-2015)

(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 (\$16.3 million). At the end of 2015, this balance was \$27.2 million. The unassigned General Fund balance increased by \$2.2 million in 2015 due to revenues exceeding expenditures.

2015 in Review

NEW COMMUNITY CENTER BEGINS CONSTRUCTION

During 2015, the City broke ground and began construction of a new 90,000 square foot community center. The facility will be completed in 2016 featuring a state-of-the art fitness center, indoor aquatics, gymnasiums and entertainment features. With an estimated cost of \$30 million financed with \$15 million in long-term debt and \$15 million of fund balances accumulated over the years, the City has made a significant commitment to enhance recreation services to residents, area workers and visitors for years to come.

\$15 MILLION IN LONG-TERM DEBT ISSUED FOR NEW COMMUNITY CENTER

In January 2015, the City issued 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%. The debt service is expected to be paid from the Park Fund using part of the proceeds of the City's half-cent sales tax dedicated to Parks. Annual debt service requirements are as follows:

Year	Principal	Interest	Total
2016	\$600,000	\$377,123	\$977,133
2017	610,000	365,032	975,032
2018	625,000	352,682	977,682
2019	635,000	340,082	975,082
2020	650,000	327,232	977,232
2021-2025	3,455,000	1,418,946	4,883,946
2026-2030	3,905,000	982,113	4,887,113
2031-2035	4,520,000	360,717	4,880,717
Total:	\$15,000,000	\$4,533,937	\$19,533,937

CAPITAL IMPROVEMENT PLAN (CIP)

The City's Capital Improvement Plan (CIP) for the five years 2016 to 2020 projects investment in infrastructure improvements, major equipment, and facilities of about \$26 million. In early 2015, a biking/hiking trail was completed (\$2.7 million). The improvements to Progress Parkway and the new Community Center facility are the major projects that progressed in 2015 and will be completed in 2016. Adie Road with an estimated cost of \$3.2 million is planned to begin in 2016.



ECONOMIC DEVELOPMENT

During 2015, the City welcomed three new microbreweries to town including a major facility of O'Fallon brewery. Three new hotels are being constructed, Companion Bakery relocated their factory and opened a café, Edward Jones and Watlow Electric are expanding their facilities and World Wide Technology broke ground on a new six-story building.

*Above: Construction of Progress Parkway near Edward Jones' campus.
Left: Brewing Facility at O'Fallon Brewery*

Community Information

YOUR GOVERNMENT

The City of Maryland Heights is governed by the Mayor and City Council. A staff of about 200 employees under the direction of a full-time professional City Administrator provides a full range of municipal services including police protection, planning and zoning, code enforcement, public works, parks and recreation and general administration.

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.

MAYOR

The Mayor is the City's chief executive officer. He votes with the City Council only to break a tie and can veto legislation. The Mayor appoints members of council committees, citizen boards and commissions. Mayoral terms are 4 years.

CITY COUNCIL

The eight-member City Council is the legislative branch of local government. The Council adopts the annual budget, establishes policies and approves ordinances. Each of the City's four wards has two council members who represent their constituents' interests in government decisions and can decide on legal actions and property acquisitions. Council terms last two years. The City Council meets on the first and third Thursday of every month at 7:00 p.m. in the Council Chamber at the Maryland Heights Government Center, 11911 Dorsett Road.

MISCELLANEOUS STATISTICAL DATA

Date of Incorporation: May 9, 1985
Government: Mayor/Council/City Administrator
Area: 23.42 square miles
Miles of Streets (center line): 97.12 (city maintained)
Miles of City-Maintained Sidewalks: 87.6
Number of Street Lights: 1,961
Total Employees, Full-Time: 196
Commissioned Officers: 78
Dispatchers: 10
City-Imposed Tax Rates:
 Utility/Gross Receipts Tax: 5.5%
 Property Tax: None
 Sales Tax: 0.5%
Issuer Credit Rating (S&P): AA+

DEMOGRAPHIC DATA

Population: 27,472
Registered Voters: 16,395
Median Household Income: \$56,199
Per Capita Income: \$29,587
Median Value Owner-Occupied Housing: \$140,000
Unemployment Rate: 4.0%

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, Monsanto, Magellan Behavioral Health, Watlow Electric, Monsanto, Worldwide Technologies, and United Healthcare of the Midwest.



The production floor of Schattdecor's Riverport Facility.

Mayor and City Council



**Mayor
Mike Moeller**
878-6730

**City Administrator
Jim Krischke**
738-2201

**Finance Director
Dave Watson**
738-2220

WARD 1



Don Hunt
878-8579



Gavin Park
899-5204

WARD 2



Kim Baker
275-4954



Ed Dirck
878-9001

WARD 3



Chuck Caverly
566-0424



**Angela
McCormick**
882-1436

WARD 4



Jim Carver
Pres. Pro Tem
291-8958



Norm Rhea
739-0096

AWARD FOR OUTSTANDING ACHIEVEMENT IN 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, 2014. 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, 2014

Jeffrey R. Emmer
Executive Director/CEO