



City of Maryland Heights, MO
Budget in Brief
2017



CITY ADMINISTRATOR'S COMMENTS

The City Council adopted the 2017 budget, which is summarized in this document. The "Budget in Brief" is designed to give the public a concise overview of the City's financial status and plans for the coming year.

Total revenues are projected to be \$37,012,100 in 2017, a decrease of \$3.8 million (9.3%) from estimated revenue in 2016. Intergovernmental revenues and a private contribution, which are primarily comprised of one-time sources related to specific infrastructure improvements, will be about \$4.9 million lower in 2017. Conversely, recreation fees for programs and memberships at the new community center are expected to be \$1.1 million higher in 2017 than in 2016, reflecting a full year of operating the new facility. Increases in gaming taxes (\$200,000) and sales taxes (\$210,000) will offset a drop in building permits (\$220,000) and court fees and fines (\$100,000).

Expenditures for all funds are projected to be \$39,154,224 in 2017, a decrease of \$3.8 million (8.9%) from estimated expenditures in 2016. This is primarily related to lower capital expenditures for infrastructure and the new community center. The General Fund, the main operating fund for city services other than parks and recreation, will increase by less than one-half percent from 2016 even with a 2% across-the-board salary increase and an increase in pension costs equal to 1% of payroll. Lower estimated costs for motor fuel, snow removal chemicals and contracted street maintenance (i.e. pavement marking services for city streets) contribute to keeping the total General Fund budgeted expenditures in 2017 at manageable levels.

At the end of 2017, the City's Reserve Fund is expected to be over \$28 million, equal to over 100% of annual General Fund expenditures and exceeding the City's goal to maintain in reserves 75% of annual General Fund expenditures. All budgetary funds, including reserves, will total \$41 million at December 31, 2017.

The opening of the new community center will highlight 2017 activities. The center will provide the resources to substantially increase recreation and other leisure services to citizens, businesses and their employees as well as visitors from surrounding areas.

New capital improvements planned for 2017 include improvements to Fee Fee Road (Schuetz Road to the railroad), the initial phase of the Grissom Avenue project, a

large storm water project in the Broadview/Wylwood Acres subdivision, and various sidewalk and other infrastructure investments.

The budget also provides funds for a comprehensive master plan for Parks and Recreation operations that will address future recreational and facility needs including overall accessibility requirements as well as programming and maintenance needs of open spaces and Aquaport. Furthermore, funds will be allocated to perform a comprehensive pay and classification study for all positions and an operational assessment of all city departments.

With that said, the City's finances will continue to face significant uncertainty in the coming years. The ongoing concern of the future of gaming taxes, based on the competitive and maturing St. Louis marketplace for casino business, along with increased regulatory activity by the State, will impact our ability to project future resources. Moreover, the opening of the new community center poses another set of uncertainties related to the demand for leisure services, resulting revenues, and increased operating costs. Lastly, the upward pressure on personnel costs, including salary increases and benefit cost increases will continue to weigh heavily on future resources.

While gaming revenues continue to show improvement, the ability to forecast future levels long-range remain a challenge. Non-gaming revenues are mixed as the local economy has leveled off from past years growth. The City's share of county-wide sales tax (pool) is expected to increase about 6% in 2017 due to a new municipal sharing formula enacted by the state legislature for St. Louis County municipalities. Conversely, gross receipts of utility taxes are trending down and municipal court revenues have fallen in excess of 20% in the last year.

Your input is important to us, and we hope you will share any comments or questions you may have about the budget or other city matters. You can email us at feedback@marylandheights.com or call (314) 291-6550.



James S. Krischke, City Administrator



GENERAL INFORMATION

Annual Budget

The budget is intended to present a complete financial plan for the coming budget year and includes the following information:

1. A budget message describing the important features of the budget and major changes from the prior year.
2. Estimated revenues to be received from all sources for the budget year with a comparative statement of actual or estimated revenues for the preceding two years, itemized by year, fund and source.
3. Proposed expenditures for each department, office, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the preceding two years, itemized by year, fund, activity and object of expenditure.
4. The amount required for the payment of interest, amortization, and redemption charges on any debt of the City.
5. A general budget summary.

Balanced Budget

The budget must conform to the statutory requirement that the total proposed expenditures from any fund shall not exceed the estimated revenues to be received, including debt issuances, transfers from other funds, and advances from other funds plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

Budget Officer

The City Administrator is the designated Budget Officer charged with preparing a proposed budget for submission to the City Council.

Fiscal Year

The City's fiscal year begins January 1 and runs through December 31.

Investments

The City invests public funds in a manner that provides the highest investment return with maximum security while meeting daily cash flow demands and conforming to all state and local laws governing the investment of public funds.

Accounting and Reporting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. An independent audit of all funds is performed annually. The City produces annual financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The City's budget consists of 14 distinct funds that fall within four fund types:

- **General (2):** General and Reserve Funds
- **Special Revenue (9):** Streetlight, Parks, Tourism, Sewer Lateral, Dorsett TIF, Police Training, Police Forfeiture, South Heights TIF, Beautification Funds
- **Debt Service (1):** Community Center Debt Service Fund
- **Capital Projects (2):** Capital Improvement and Community Center Construction Funds

Gaming Tax Revenues

The City receives about one-fourth of total revenues from taxes generated by the riverboat casino located within the City. The City Council has established a policy on the use of gaming taxes based on allocation to the various funds:

- **General Fund:** 70%
- **Capital Improvements Fund:** 30%

Revenue Assumptions

Total revenue is projected to be \$37.0 million in 2017, down 9.3% from \$40.8 million in 2016. For 2017, 67% of total revenue is comprised of three sources: gaming taxes (28%), sales taxes (23%), and gross receipts taxes on utilities (16%).

Economic Impact

Inflation for 2016 was .6%, as published in the St. Louis Regional Consumer Price Index - Urban Areas (CPI-U) calculated by the U.S. Department of Labor. A projected rate of 2% was used in the development of the 2017 budget.

2017 Revenue Projections

Gaming Tax

\$10,200,000

Half-Cent Sales Tax

\$4,300,000

County Sales Tax

\$4,300,000

Utility Tax (Electric)

\$3,685,000

Utility Tax (Gas)

\$660,000

Utility Tax (Water)

\$374,000

Utility Tax (Phone)

\$1,320,000

Court Fees/Fines

\$1,500,000

Incremental Taxes

\$3,250,000

County Road Refund

\$950,000

Motor Fuel Tax

\$720,000

Recreation Revenue

\$1,460,000

Business Licenses

\$630,000

Building Permits

\$550,000

Occupancy Permits

\$220,000

Investment Income

\$300,000

Aquaport Revenue

\$431,500

Sportport Revenue

\$67,000

Cable Franchise Fee

\$400,000

Vehicle Sales Tax

\$350,000

Tourism Tax

\$285,000

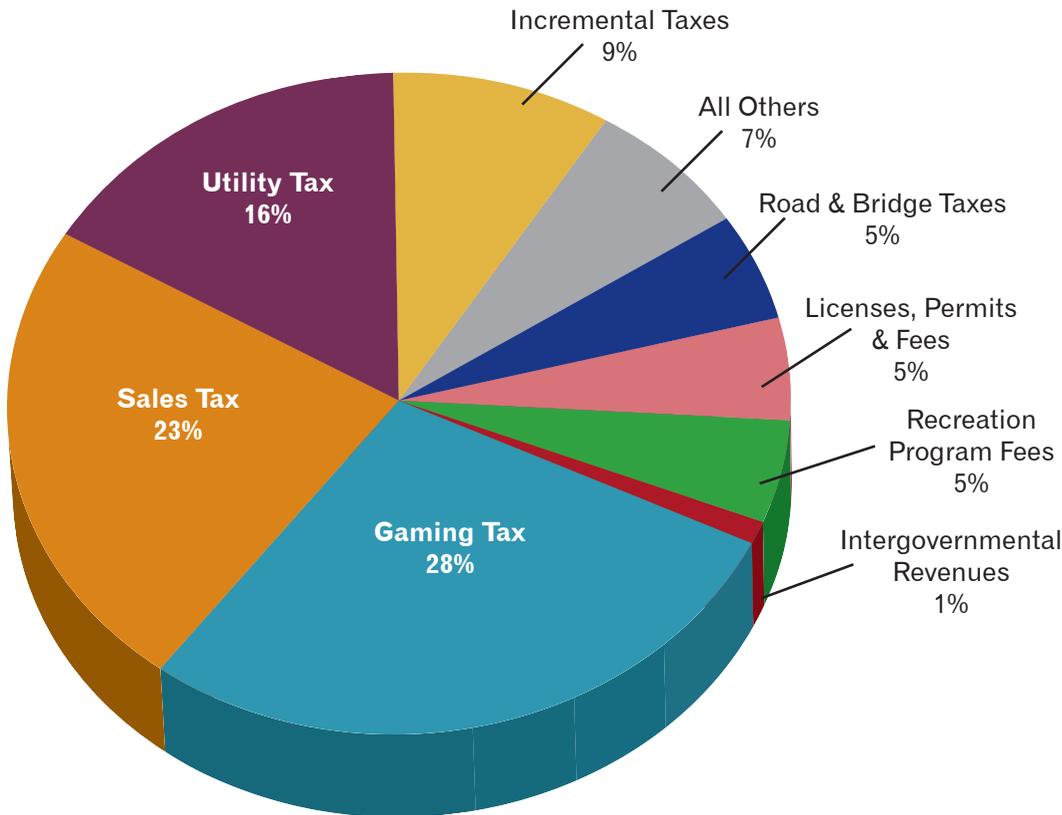
Sewer Lateral Fee

\$355,000

Cigarette Tax

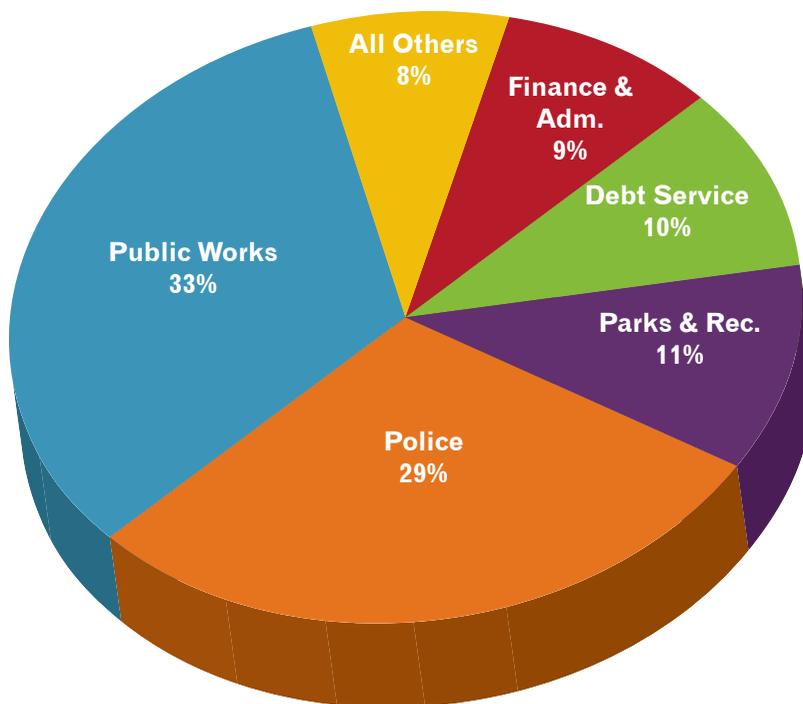
\$70,000

REVENUES: WHERE THE MONEY COMES FROM



Revenue Source	Amount Collected (in thousands)
Gaming Tax	\$10,200
Sales Tax	8,600
Utility Tax	6,039
Incremental Taxes	3,250
All Others	2,620
Intergov't. Revenues	414
Roads/Bridges Taxes	2,020
Licenses/Permits/Fees	1,911
Rec. Program Fees	1,959
Total	\$37,012

EXPENDITURES: WHERE THE MONEY GOES



Expenditure Source	Amount Collected (in thousands)
Public Works	\$12,852
Police	11,186
Parks & Rec.	4,415
Debt Service	3,985
Finance/Adm.	3,432
All Others	3,283
Total	\$39,154

CITY EXPENDITURES BY FUND

General Fund

The General Fund is used to cover most day-to-day operational expenses, including personnel, police services, facility maintenance, communications and trash, yard waste and recycling pickup. Fund sources are comprised of a variety of revenues: various taxes (utility, sales, road/bridge, cigarette and gaming), business license fees, building permits, court fines, grants and interest on investments. The City of Maryland Heights does not levy a property tax. Expenditures are estimated at \$23.2 million in 2017.

Reserve Fund

This fund was established in 2000 to provide resources to other funds in the event of temporary deficits or unforeseen needs. There is \$28 million available in the fund for this purpose.

Streetlight Fund

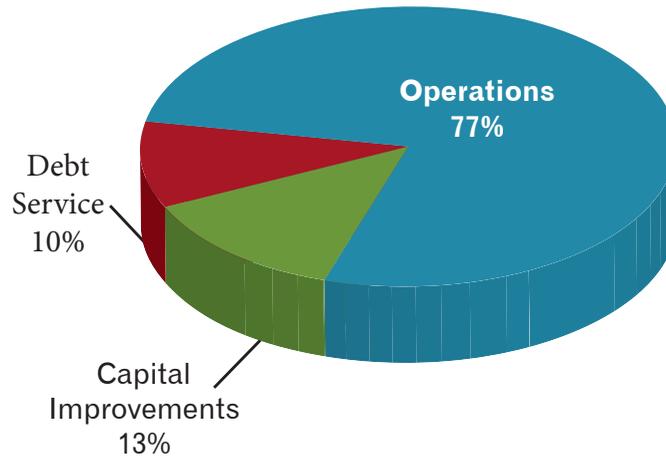
The Streetlight Fund was established in 1987 to account for a 0.5 percent tax on the gross receipts of utility companies (gas, telephone, water and electric). Monies in this fund are spent on building, installing and maintaining streetlights in the City. Expenditures are estimated at \$567,700 in 2017.

Capital Improvement Fund

This fund receives its revenue from gaming taxes and grants. It is used to fund projects in the Capital Improvement Plan (CIP), which includes investments in major city assets that have long, useful lives, such as construction of roads, bridges or facilities. Expenditures for 2017 are estimated at approximately \$5.1 million.

Tourism Tax Fund

This fund comes from the half-cent tax collected on hotel rooms within the City. These revenues are dedicated to promoting tourism in the City through the Maryland Heights Convention and Visitors' Bureau (MHCVB). Expenditures are expected to total \$285,000 in 2017.



Police Forfeiture Fund

This fund is used to account for monies or other assets received by the City as a result of judgments in court cases. These resources are used to fund law enforcement programs. Projected expenditures for 2017 are \$169,055.

Stormwater Fund

This fund closed at the end of 2014. Revenues (consisting of sales tax) are distributed to the Parks Fund. Capital project expenditures are moved to the Capital Improvement Fund. All other activities are moved to the General Fund.

Parks Fund

This fund accounts for revenues from a one-half cent sales tax approved by city voters in 1995. The Parks Fund receives 100 percent of this revenue source. This fund also receives revenues from user fees charged for activities, programs and events (Aquaport admission, recreation program registration fees, etc.). Expenditures on parks and recreation programs and facilities are projected to total just over than \$5 million in 2017. In addition, a transfer of \$985,000 will be made from this fund to the Community Center Debt Service Fund.

Beautification Fund

This fund was established in 2005 to account for revenue derived from a license fee on billboards approved by voters in 2004. Expenditures are restricted to beautification efforts within the City. Expenditures for 2017 are estimated at \$16,650.

Sewer Lateral Fund

This fund is used to repair broken sanitary sewer laterals within the City. Fund Revenues come from a \$50 annual fee collected from each single-family residence. The City expects to spend about \$250,000 from this fund in 2017.

Police Training Fund

Created in 2002 to account for money received from the POST Commission Fund of the State of Missouri, funds are used for training of police officers and other law enforcement employees. Planned expenditures in 2017 are \$17,550.

Dorsett Road TIF Fund

The Dorsett Road TIF Fund is a special revenue fund established to account for incremental tax revenues generated from the district and for eligible expenditures to the redevelopment area. Total expenditures for 2017 are estimated at \$150,000.

South Heights TIF Fund

The South Heights TIF Fund accounts for incremental tax revenues generated from the district and for eligible expenditures to the redevelopment area. Total expenditures for 2017 are estimated at \$3.1 million.

Community Center Construction Fund

This fund was established to finance the construction of the new community center. Total expenditures for 2017 are estimated to be \$200,000.

Community Center Debt Service Fund

This fund was established to account for the resources to be used to pay interest and principal on the debt issuance related to the construction of the new community center. Resources will consist of transfers from the Parks Fund. 2017 expenditures will total \$985,000.

BUDGET SUMMARY BY DEPARTMENT

Administration

This area includes the City Administrator, City Clerk, Human Resources, Communications and Legal Services.

The City Administrator is responsible for the daily operations of the City. He supervises all departments, sees that ordinances are enforced and contracts are performed and makes recommendations to the City Council regarding budget, operations and policy.

The City Clerk's Office maintains all city records, including minutes of City Council, Council Committee and Boards and Commissions meetings. The Clerk's Office processes liquor and business licenses and coordinates municipal elections with the St. Louis County Board of Election Commissioners.

Human Resources administers the City's personnel policies and conducts training programs for employees. This office also oversees workers' compensation, employee wellness and other benefits programs.

The Communications Office works to maintain two-way communication between the City and our residents, business community and visitors. This office manages the monthly newsletter, website and other publications and programs.

Legal Services includes the City Attorney, who represents the City in civil and criminal suits and provides legal counsel as necessary, and two part-time City Prosecutors, who prosecute violations of city codes and ordinances.

Expenditures:

City Clerk's Office:	\$366,724
Legal Services:	205,217
City Administrator's Office:	382,887
Human Resources:	310,050
Communications:	194,760
Central Services:	96,675
Risk Management:	375,000
Total:	\$1,931,313



Finance

In addition to finance personnel, this department includes Information Technology (IT) and Geographic Information System (GIS). Finance supports other departments in achieving strategic goals, as well as to provide IT and data collection services to aid in decision-making.

The City's finance staff manages all financial and accounting functions of the City, including budgets, financial reports, cash management and payroll. The GIS coordinator provides maps for use by all departments. IT staff maintain the City's computer network, phone systems and other office equipment.

Expenditures:

Finance:	\$449,940
Geographic Information Services:	171,309
Information Technology:	879,498
Total:	\$1,500,747

Community Development

This department is responsible for planning and zoning, construction permits, building inspections and code enforcement.

The Planning and Zoning Division manages future land development in accordance with community needs and the City's Comprehensive Plan; oversees zoning and subdivision codes; works with the Beautification Commission to improve the City's visual character; and reviews development proposals to make sure they follow zoning regulations and meet safety and design standards.

The Building and Codes Division reviews all construction plans; conducts building and occupancy inspections; and enforces property maintenance, building and zoning codes.

Expenditures:

Administration:	\$284,420
Inspections:	1,202,119
Economic Development:	384,521
Promotion of Tourism:	285,000
Planning and Zoning:	326,855
Beautification:	16,650
Total:	\$2,499,565

Police

The Police Department strives to provide responsive, proactive and efficient service and create a safe environment for those who live in, work in and visit our city.

The Administration Division coordinates training, scheduling, staffing and reporting. The Patrol Division works to prevent crime and responds to existing issues and incidents. The Investigation Division investigates all crime reports. This unit also processes evidence and manages juvenile cases. The Communication Division handles all incoming calls and works with other emergency agencies to respond to incidents. The Community Services Division interacts with the public through special programs like D.A.R.E., Citizens Police Academy and Maryland Heights Night Out. The Records Division maintains police reports, booking sheets and other information. The Community Response Unit coordinates the Department's covert investigations, K-9 Unit, traffic enforcement and hotel liaison programs.

Expenditures:

Administration:	\$557,243
Patrol Services:	5,533,449
Investigation:	1,581,092
Communications:	1,034,202
Community Services:	965,512
Police Records:	197,418
Community Response Unit:	1,317,502
Total:	\$11,186,418



Public Works

This department ensures that the City's transportation systems and other infrastructure are safe, efficient and attractive. Public Works activities also include stormwater management, streetlighting, solid waste collection, vehicle and equipment maintenance, parks maintenance and government center maintenance.

The Operations Division maintains all city-controlled roads and bridges by replacing obsolete streets, patching potholes, sweeping streets, sealing cracks and making sure roads, bridges and sidewalks are safe. This division also oversees solid waste collection, snow removal, mosquito control and the planting and trimming of trees within city rights-of-way. The Parks Maintenance and Government Center Maintenance Divisions work to clean, maintain and repair city parks and the Government Center.

Expenditures:

Engineering and Administration:	\$497,715
Roads and Bridges:	1,866,805
Stormwater:	579,786
Streetlighting:	484,700
Solid Waste:	1,913,356
Vehicle/Equipment Maintenance:	505,595
Sewer Lateral:	250,000
Government Center Maintenance:	673,806
Parks Maintenance	860,283
Capital Projects:	4,878,000
Capital Projects Management	342,243
Total:	\$12,852,289



Parks and Recreation

This department administers parks and recreation programs and maintains city recreation facilities, including the community center, Aquaport and Dogport. The Department's mission is to build a greater sense of community and provide residents with a higher quality of life. In partnership with three other local municipalities, the Inclusion Services Office provides services and programs to individuals with disabilities. The Social Services Coordinator facilitates and administers activities and services for older residents.

Expenditures:

Administration:	\$234,107
Recreation Services:	2,450,954
Community Center:	863,349
Aquaport:	566,690
Capital Projects:	300,000
Total:	\$4,415,100

Human Services

The Human Services Division administers utility tax rebates for residents age 62 and over.

Expenditures:	\$225,000
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Debt Service

In 2015, the City issued approximately \$15 million in "certificates of participation" to fund about 50 percent of the construction cost of the new community center. In 2007, the City issued tax increment financing bonds to cover redevelopment costs in the South Heights Redevelopment District.

Expenditures:	\$3,985,000
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Municipal Court

The Municipal Court is the judicial branch of city government. The Municipal Judge serves on a part-time basis and is appointed to a four-year term by the Mayor with the consent of the City Council. Traffic, code enforcement and other ordinance violations are tried by the Court. The Violations Bureau provides for the efficient collection of fines and costs assessed by the Municipal Court. The Court Administrator operates this bureau and administers the day-to-day records management functions of the court under the supervision of the Finance Director.

Expenditures:	\$402,238
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Contact Us

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Jim Carver
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City Administrator

Jim Krischke

City Clerk

JoAnn Cova

Director of Finance

David Watson

Director of Community Development

Wayne Oldroyd

Director of Public Works

Bryan Pearl

Interim Director of Parks & Recreation

Mary Jo Dessieux

Chief of Police

Col. Bill Carson