

University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial
Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2005

Comprehensive Annual Financial Report, 2004

City of Maryland Heights

Follow this and additional works at: <https://irl.umsl.edu/cab>

Recommended Citation

City of Maryland Heights, "Comprehensive Annual Financial Report, 2004" (2005). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 290.
<https://irl.umsl.edu/cab/290>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.

ANNUAL DISCLOSURE STATEMENT

CITY OF MARYLAND HEIGHTS, MISSOURI

IN CONNECTION WITH

**CITY OF MARYLAND HEIGHTS, MISSOURI
PUBLIC FACILITIES AUTHORITY**

Leasehold Revenue Bonds

Series 1997

(City of Maryland Heights, Missouri, Lessee)

AND

**CITY OF MARYLAND HEIGHTS, MISSOURI
PUBLIC FACILITIES AUTHORITY**

Leasehold Revenue Bonds

Series 2003

(City of Maryland Heights, Missouri, Lessee)

June 30, 2005

Table of Contents

THE CITY	5
General	5
Government	5
Employees	6
ECONOMIC AND DEMOGRAPHIC INFORMATION	6
Population.....	6
Transportation.....	6
Economy.....	7
Economic Development	7
Major Employers	8
Employment	8
Building and Construction Data	9
Assessed Valuation.....	9
Housing	9
Income	10
COMMUNITY SERVICE	10
Utilities	10
Communications	10
Entertainment and Recreation Activities	11
Education.....	11
Medical.....	12
Police Protection.....	12
Fire Protection	12
FINANCES OF THE CITY	12
Accounting and Reporting Practices	12
Investments.....	13
Budget Process	13
The General Fund	14
Reserves.....	15
Tax Increment Financing.....	16
SOURCES OF REVENUE	17
General	17
Utility Tax - Gross Receipts	17
Sales Tax	17
Gaming Revenues.....	18
Park and Stormwater Sales Taxes.....	19
Property Taxes.....	19
GAMING IN MARYLAND HEIGHTS	19
Missouri Regulation	19
Harrah's Entertainment.....	21
DEBT OF THE CITY	21
Outstanding Debt.....	21
General	21
Legal Debt Limit and Debt Margin	22
Direct and Overlapping Debt.....	22
Lease Obligations	23
Future Debt.....	24
Listed Events	24
ADDITIONAL INFORMATION	24

THE CITY

General

The City of Maryland Heights is located in St. Louis County, Missouri, approximately 20 miles northwest of the City of St. Louis. Maryland Heights covers approximately 24 square miles and is within the Metropolitan Statistical Area (MSA) which, at the time of the 2000 census, was comprised of the City of St. Louis and St. Louis County, and parts of the counties of St. Charles, Franklin, Jefferson, Lincoln and Warren in Missouri, and parts of the counties of Jersey, Madison, St. Clair, Clinton, and Monroe in Illinois.

Maryland Heights was incorporated on May 9, 1985.

Government

Maryland Heights is a third class city, as defined by Missouri statute, is governed under the Mayor/Council form of government and has adopted the optional City Administrator form by ordinance. The legislative body of the City is the City Council, which is comprised of eight council members. Council members are elected from four wards to serve two-year terms, one-half of which expire annually.

The Mayor, elected at large to serve a four-year term, is the presiding officer of the City Council. The Mayor may vote in the event of a tie vote by the City Council. Additionally, the Mayor has veto power.

The Mayor, with the advice and consent of the City Council, appoints the City Administrator. The City Administrator is the assistant to the Mayor and is responsible for the day-to-day management of the City's government business and staff. The City Administrator is also responsible for the employment and discharge of all City employees under policies established by the Council.

City services and functions are divided into five departments: Police, Public Works, Parks and Recreation, Finance, and Community Development. Additionally, there are the offices of the City Administrator and the City Clerk, and the Municipal Court.

The Mayor, with approval of the City Council, appoints more than 80 citizens to 12 commissions and boards, which are the Zoning Board of Adjustment, Beautification Commission, Board of Building Code Appeals, Human Rights Commission, Industrial Development Authority, Parks and Recreation Advisory Commission, Planning and Zoning Commission, Board of Police Commissioners, Stormwater Commission, Tax Increment Financing Commission, Traffic Commission, and Cultural Arts Commission.

Employees

Maryland Heights has 189 full-time employees. City employees are not represented by a collective bargaining unit.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

According to the official census of the United States Department of Commerce, Bureau of the Census, in 1990 the population of Maryland Heights was 25,407 and in 2000 the population of Maryland Heights was 25,756. The annexation of a tract in 2004 increased the City's population to 27,345.

According to statistics from the United States Bureau of Census, in 2000, the population of Maryland Heights was younger than that of the State of Missouri. The median age of the population in 2000 was 34.2 years compared to 36.1 years for Missouri. Approximately 23% of the population was under the age of 19 years. The percentage of young adults, ages 19-24, was less than 8%, while the older adults, 65 years and above, comprised nearly 10% of the population.

Ethnic diversity in Maryland Heights has increased since 1990 as non-white population has increased by 8% to 15%.

According to statistics from the United States Bureau of Census, in 2000, the City's total population enrolled in elementary or high school equaled 3,076. The percentage of the City's population with high school diplomas was 88.2%, and 38.7% of the population have a bachelor's degree or higher. This compares favorably to the State of Missouri, which had a population graduated from high school of 81.3% and a population with bachelor's degree or higher of 21.6%.

Transportation

The transportation network serving Maryland Heights includes major highways, air, rail, and bus service. Interstate 270 traverses the City and the City's northern boundary is adjacent to Interstate 70. Interstate 70 provides direct access to the City of St. Louis, which is located approximately 20 miles southeast of the City.

Within Maryland Heights is the Creve Coeur Airport, which serves private and corporate aircraft. Regular scheduled air passenger and freight service is available at Lambert St. Louis International Airport, located approximately 7 miles east of the City. Bus service is provided by Metro, a publicly supported system. The Cotton Belt route of the St. Louis Southwestern Railway Company serves the City.

Economy

Maryland Heights is a suburban community with a diverse economic base represented by a mixture of many industries, numerous commercial enterprises, office buildings and support services. There are twenty hotels located in the City and a significant portion of the City's economic activity is based on the hospitality industry.

Maryland Heights is one of the largest employment centers in St. Louis County. Based on the City's 2004 business license records, there were approximately 1,700 businesses employing about 53,000 people in the City and occupying 22,329,167 square feet of buildings.

Firms that have located in this area comprise a healthy mix of Fortune 500 companies and smaller, independent firms. They include light manufacturing facilities as well as corporate headquarters and branch offices. Prominent names include Edward Jones, SmithKline Bio Science Laboratories, Monsanto Chemical, Unisys, Coca-Cola, Watlow Electric, Reynolds Aluminum Supply Co., E.I. du Pont de Nemours, Worldwide Technologies, Express Scripts and United Healthcare of the Midwest.

The City of Maryland Heights includes several businesses and entertainment centers. Westport Plaza is a mixed-use office/hospitality/entertainment complex that has approximately 500,000 square feet of office space, 20 restaurants, 509 hotel rooms and conference facilities in two Sheraton hotels. Westport Business Park, constructed in 1998, now includes 530,000 square feet of business service center and distribution space. Riverport Business Park is a 550-acre planned development that contains over two million square feet of office space. This business park includes the corporate headquarters for Express Scripts and Unigraphic Inc.; service centers for Magellan Behavioral and United Healthcare; two hotels, Holiday Inn and Wingate; UMB Bank Pavilion; and Dave and Busters, a 550-seat entertainment restaurant.

Among the entertainment attractions in Maryland Heights is Harrah's St. Louis, a casino encompassing approximately 120,000 square feet with slot machines, gaming tables, bars, and public space. Adjacent to the gaming facilities is a hotel that includes 500 rooms, entertainment facilities, five restaurants and gift shops.

There are numerous retail stores and strip centers along the main arteries of Maryland Heights, which include Dorsett, Page and Lindbergh.

Economic Development

Several planned transportation improvements are expected to contribute to the future growth and development of the area. The westward extension of state highway D (Page Avenue) across the Missouri River into St. Charles County opened in 2004. The Page Avenue extension has enhanced access to Maryland Heights from adjacent communities.

Presently under development on the southeastern portion of the City, bounded generally by Lindbergh Boulevard and Page Avenue, is a 242-acre area, known as the South Heights Redevelopment Area. When completed, the area is expected to include 1.1 million square feet of office and distribution center facilities. For additional information regarding the financial impact of the tax increment financing program, see the caption "FINANCES OF THE CITY - Tax Increment Financing."

The City has also approved a tax increment financing district that will include a 550-room conference-style full service hotel and a 200,000 square foot class A office building. The project required the condemnation of adjacent properties for improved access to the site, which delayed the construction start.

In 2003, the City approved a tax increment financing district along the eastern portion of the Dorsett corridor. The plan for redevelopment anticipates up to one million square feet of new commercial, retail and residential development.

The availability of land provides opportunities for continued growth of the City's industrial base. Of the City's estimated 23 square miles of land area, approximately 40% is undeveloped.

Major Employers

The following table sets forth information regarding the largest employers currently located within the City.

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total Value</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2000	73	6,142,000	30	28,126,400	34,268,400
2001	63	6,139,916	23	51,509,304	57,649,220
2002	27	3,412,000	15	35,763,303	39,175,303
2003	12	1,343,000	9	47,355,140	48,698,140
2004	8	1,430,249	15	63,132,387	64,562,636

Source: City of Maryland Heights, Department of Community Development

Employment

According to the United States Bureau of Census, in the year 2000, the City's civilian labor force was 15,531. The total number of people that were unemployed was 428, which was an unemployment rate of 2.8%. The City's unemployment rate compared favorable to St. Louis County, which had an unemployment rate of 4.6%

Building and Construction Data

The following table sets forth the number of units and value of building permits issued by the City of Maryland Heights for the past five years for new construction.

Year	Residential		Commercial		Total Value
	Number of Units	Value	Number of Units	Value	
2000	73	6,142,000	30	28,126,400	34,268,400
2001	63	6,139,916	23	51,509,304	57,649,220
2002	27	3,412,000	15	35,763,303	39,175,303
2003	12	1,343,000	9	47,355,140	48,698,140
2004	8	1,430,249	15	63,132,387	64,562,636

Source: City of Maryland Heights, Department of Community Development

Assessed Valuation

Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agriculture, residential or commercial and permitting different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. Personal property is assessed at 1/3 of book value. In 1986, the State Legislature passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

The following table indicates the assessed valuation for the City for the past five tax years (excluding the incremental value of property located in TIF areas.)

Property	2000	2001	2002	2003	2004
Residential	\$ 168,112,830	194,336,270	196,691,920	211,556,220	224,108,460
Commercial	349,239,260	395,875,950	404,587,530	420,375,300	428,719,890
Agricultural	241,490	364,770	351,060	361,910	374,260
Railroad & Utility	19,529,870	9,110,775	8,520,300	8,039,826	8,598,230
Personal	257,864,079	240,470,478	226,416,258	213,084,127	199,005,080
Totals	\$ 794,987,529	840,158,243	836,567,068	853,417,383	860,805,920

Source: St. Louis County, Office of the Assessor

Housing

The following table sets forth statistics from the 2000 census relating to housing for the City and, for comparative purposes, of other census entities.

	2000 Median Value of Owner <u>Occupied Housing</u>	% Built 1990-2000 <u>Census</u>	% Built Before <u>1939</u>
City of Maryland Heights	\$ 107,900	6.1%	1.6%
Other Entities:			
St. Louis County	116,600	9.8%	9.9%
St. Louis MSA	70,000	16.2%	20.5%
State of Missouri	89,900	17.0%	16.2%

Source: U.S. Department of Commerce, Bureau of Census

Income

The following table sets forth certain income statistics from the 2000 census for the City and for comparative purposes of other census entities.

	Per Capita Income <u>1999 (dollars)</u>	Median Family Income In <u>1999 (dollars)</u>	% People Below <u>Poverty Level</u>
City of Maryland Heights	\$ 24,918	\$ 58,487	5.3%
Other Entities:			
St. Louis County	27,595	61,680	6.9%
St. Louis MSA	22,152	52,402	11.9%
State of Missouri	19,936	46,044	11.7%

Source: U.S. Department of Commerce, Bureau of Census

COMMUNITY SERVICE

Utilities

Stormwater drainage and sewage collection and treatment for Maryland Heights are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. Missouri-American Water Company provides water, Laclede Gas Company provides gas and AmerenUE provides electricity.

Communications

SBC Communications (formerly Southwestern Bell Telephone Company) is the largest provider of telecommunication services in Maryland Heights. Residents of Maryland Heights receive all St. Louis radio stations and television channels. Local

newspapers include The St. Louis Post Dispatch, the North/West County Journal, a weekly paper, and the St. Louis Countian, a legal newspaper published daily.

Entertainment and Recreation Activities

Maryland Heights is one of the entertainment centers of the St. Louis metropolitan area.

Westport Plaza offers a wide range of entertainment and dining options including restaurants, pubs, musical/dancing facilities, and a comedy club. The UMB Bank Pavilion is an outdoor amphitheater that seats 20,000 and operates from April through September each year and hosts a wide range of major concerts. Stand-up comics are featured at Westport Plaza's Funny Bone Comedy Club. Gaming, entertainment and dining facilities are offered at the Riverport Casino Center.

The City owns six parks that collectively encompass approximately 144 acres. Facilities available include picnic grounds, pavilions, nature area trails, volleyball courts and softball fields. In 1998, the City constructed Aquaport, an aquatic center with water play structures such as slides and waterfalls. The aquatic center also has a lazy river, lap swimming pool, sun deck, maintenance building, bathhouse, and shade structures. In 1999, the City completed construction of Sportport, an athletic complex featuring twelve soccer fields, and purchased and rehabilitated a building that became the Maryland Heights Community Centre. It encompasses 42,000 square feet and features a 2,700 square foot senior citizens' center, multi-purpose rooms, craft rooms, a fitness center, a 6,000 square foot ballroom, two kitchens and administrative offices.

Also within the City is the 2,000-acre Creve Coeur Memorial Park, owned by St. Louis County. This park includes a 320-acre lake for sailing, canoeing and fishing, plus a long sandy beach for sunning. Creve Coeur Memorial Park also has picnic areas, hiking trails, a group tent camping area, athletic fields, and tennis courts.

Residents are also within easy commuting distance from numerous St. Louis and St. Louis County attractions including the St. Louis Arch, St. Louis Zoological Park, Six Flags Over Mid-America theme park, the Missouri Botanical Gardens, and the St. Louis Symphony.

Education

Primary and secondary education in the City is provided by the Pattonville R-III School District and Parkway C-2 School District. Higher education is provided by the Junior College District of St. Louis, a state supported community college and by several universities located in the St. Louis metropolitan area that are easily accessible to residents of Maryland Heights. They include St. Louis University, Washington University and the University of Missouri-St. Louis. Additionally, Maryville University, University of Phoenix, Allied Medical College, Hickey College, Keller

Graduate School of Management, Lindenwood University, and Washington University have campuses and/or satellite offices located within the City.

Medical

Within a 5-mile radius of the City are three highly recognized hospitals: DePaul Health Center, St. John's Mercy Medical Center and Missouri Baptist Medical Center. DePaul, an acute care hospital with 450 beds, offers specialized cardiac care and microsurgery. St. John's Mercy Medical Center is the largest Catholic hospital in the United States with 859 beds and one of the two largest medical facilities in metropolitan St. Louis. Its maternity service is the largest in Missouri and one of the largest in the nation. St. John's also operates the largest burn center in the state. Missouri Baptist is a 489-bed, acute care facility noted for innovation and excellence in surgery.

In addition, numerous doctors, dentists, and chiropractors provide medical services from offices and clinics in the City. The healthcare needs of the elderly are also provided by several long-term care facilities located in Maryland Heights.

Police Protection

The City's police department has 77 officers and offers a variety of community services including neighborhood watch, business watch and a hotline providing weekly updates of criminal activity and major arrests occurring in the City. The department sponsors numerous community service programs including Drug Abuse Resistance Education (DARE), a drug awareness program aimed at young people, crime watch hotline, neighborhood watch, bicycle safety and registration, and vacation watch, among others.

Fire Protection

Fire protection is provided primarily by Maryland Heights Fire Protection District and by Pattonville-Bridgeton Terrace Fire Protection District. Monarch Fire Protection District and Creve Coeur Fire Protection District also serve small portions of the City. The fire protection districts are independent of the City, having their own officials, budgets, and powers of taxation. There are two fire stations located in the corporate limits of the City.

FINANCES OF THE CITY

Accounting and Reporting Practices

Annually, since 1987, the City of Maryland Heights has been awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an

easily readable and efficiently organized comprehensive annual financial report, the content of which must conform to GFOA's program standards. The report must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The accounts of the City are organized on the basis of funds and account groups, in conformance with accounting principles generally accepted in the United States of America. All funds of the City are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and expenditures are recognized when the related fund liability is incurred.

The City operates on a fiscal year that corresponds to the calendar year.

The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of accounts, financial records, and transactions of the City.

Investments

The City of Maryland Heights has a written investment policy. Under the policy, the City may invest in securities authorized by State law including obligations guaranteed by the United States or its agencies, certificates of deposit that are fully collateralized or insured by the Federal Deposit Insurance Corporation and repurchase agreements in which the City has an undivided interest in the securities pledged as collateral. Presently, the majority of the City's investments are in securities of United States agencies.

Budget Process

Annually, since 1988, the City has been awarded the Government Finance Officers Association Distinguished Budget Presentation Award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication medium.

The City Administrator prepares an annual budget for the ensuing fiscal year. The budget is based upon information provided by the various City departments and employees. After a proposed budget is prepared, it is submitted to the City Council for review. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted following a public hearing on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- A budget message describing the important features of the budget and major changes from the preceding year;
- Estimated revenue 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;
- Proposed expenditures for each department, office, commission, and other classifications 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;
- The amount required for the payment of interest, amortization, and redemption charges on debt; and
- A general budget summary.

During the year, transfers exceeding \$10,000 between programs within a fund and department require prior approval of the City Council. In order to accommodate the potential changes in City revenues and demand for services, as well as to provide greater flexibility in the budgetary process, the City Council reviews the budget at mid-year in order to make any necessary adjustments or corrections.

In addition to the regular operating budget, the City updated a five-year Capital Improvement Plan in 2004 for the period 2005-2009.

The General Fund

In accordance with established procedures for government units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table indicates the City's General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended December 31, 2000 through 2004 based on audited financial statements of the City.

City of Maryland Heights					
General Fund					
Revenue, Expenditures and Changes in Fund Balance					
	\$ in thousands:				
	2000	2001	2002	2003	2004
REVENUES					
Municipal Taxes	\$ 11,816	11,936	11,290	11,440	12,887
Licenses, permits, fines, and fees	2,014	2,396	2,865	2,810	3,156
Parks & Recreation	1,308	1,384	1,468	1,286	-
Intergovernmental income	261	334	306	283	290
Interest Income	1,143	1,472	1,229	639	362
Miscellaneous Revenues	215	257	192	191	202
Total Revenues	16,757	17,779	17,350	16,649	16,897
EXPENDITURES					
Current:					
Legislative	119	120	115	131	131
General services	1,091	1,048	1,146	1,138	1,069
Finance and accounting	1,075	1,415	1,574	1,374	1,394
Community development	923	905	920	952	1,027
Public works	2,100	2,197	2,219	2,373	3,164
Police services	5,624	6,210	6,694	6,977	7,402
Judicial	142	166	192	211	239
Parks and Recreation	2,675	3,106	3,080	3,080	203
Human Services	93	113	174	204	215
Capital Outlay	572	577	637	637	333
Total expenditures	14,414	15,857	16,751	17,077	15,177
REVENUES OVER EXPENDITURES	2,343	1,922	599	(428)	1,720
OTHER FINANCING SOURCES (USES)					
Operating transfers in	806	1,481	1,329	1,791	490
Operating transfers out	(2,366)	-	-	(28)	(2,821)
Special item - contribution to OPEB	-	-	-	-	(2,000)
Total	(1,560)	1,481	1,329	1,763	(4,331)
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	783	3,403	1,928	1,335	(2,611)
FUND BALANCE					
BEGINNING OF YEAR	21,130	21,913	25,316	27,244	28,579
FUND BALANCE					
END OF YEAR⁽¹⁾	\$ 21,913	25,316	27,244	28,579	25,968

Source: City of Maryland Heights, 2004 Comprehensive Annual Financial Report

Reserves

A City ordinance requires the annual budget to include an unrestricted reserve. The purpose of the reserve is to meet the requirements of unanticipated expenditures,

major revenue shortfalls, or an emergency. The 2005 budget includes a healthy reserve of approximately \$10.6 million.

Tax Increment Financing

Pursuant to the State of Missouri's Real Property Tax Increment Allocation Redevelopment Act (the Act), cities and counties may implement Tax Increment Financing in order to induce the development of an area that has been lacking growth and development and to eliminate conditions that have caused an area to become a conservation or blighted area as such terms are defined in the Act. Tax Increment Financing provides a source of funds by which a city may pay for redevelopment project costs (as defined by the Act) over a period of not longer than twenty-three years from the date in which Tax Increment Financing was adopted.

Pursuant to the Act, a city designates Tax Increment Financing (TIF) by adopting an ordinance approving a Redevelopment Plan and designating a Redevelopment Area. The certified total assessed valuation of all real property within a Redevelopment Area, as determined by the St. Louis County Assessor, is considered the initial equalized assessed valuation. All taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the Redevelopment Area upon any increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in a Special Allocation Fund for the Redevelopment Area. Such incremental taxes are referred to as "Payments in Lieu of Taxes." In addition, fifty percent (50%) of the total additional revenue from taxes that are imposed by a city or other taxing districts and that are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area, are deposited in the Special Allocation Fund. Monies in the Special Allocation Fund may be used for payment of Redevelopment Project Costs or for payment of principal and interest on obligations issued to finance Redevelopment Project Costs.

In 1996, the City adopted a Tax Increment Financing Plan, and pursuant to the Act, designated by ordinance a 246-acre redevelopment area known as the South Heights Redevelopment Area. The initial assessed value of the area is \$16.9 million. The City has approved the issuance of \$15,750,000 in TIF financing as part of the \$80 million project. The City has issued \$15,535,591 of the notes to Duke Realty, the planned developer.

In 1997, the City adopted a second Tax Increment Financing Plan, and pursuant to the Act, designated by ordinance a 55-acre redevelopment area known as the Page Avenue/I-270 Redevelopment Area. The City entered into a developer agreement with HBE, Inc. to construct a conference style hotel with 540 rooms and up to 400,000 square feet of new office development. The assessed value before redevelopment is \$1.5 million and is expected to be \$26 million afterward. The City has authorized \$15,120,000 in TIF financing for this project. No notes have been issued to date.

In 2003, the City adopted a third Tax Increment Financing Plan, and pursuant to the Act, designated by ordinance a redevelopment area known as the Dorsett Redevelopment Area. A mixture of residential, commercial and retail uses is anticipated. The City is the appointed developer. No notes have been authorized or issued to date.

The majority of incremental revenues described hereinbefore will be derived from sales taxes of St. Louis County and of taxing bodies other than Maryland Heights that impose property taxes. The City's only expected revenues to be deposited into the Special Allocation Funds are from utility tax and park/stormwater sales tax. Accordingly, tax increment financing is not expected to have any material impact on the finances of the City.

SOURCES OF REVENUE

General

The City derives its revenues from a variety of sources. The following list sets forth the budget basis revenues in the City's General Fund for 2004.

Revenue Source	Revenues	Percentage of Total Revenues
TAXES:		
Gaming	\$ 3,770,950	22.32 %
Sales	3,705,720	21.93
Utility tax-gross receipts	3,282,370	19.42
Other	2,128,250	12.59
	<u>12,887,290</u>	<u>76.27</u>
LICENSES, PERMITS, FINES AND FEES	3,156,399	18.68
INTERGOVERNMENTAL	290,232	1.72
INVESTMENT INCOME	362,219	2.14
OTHER	201,725	1.20
	<u>\$ 16,897,865</u>	<u>100.00 %</u>

Source: City of Maryland Heights, 2004 Comprehensive Annual Financial Report

Utility Tax - Gross Receipts

For the 2004 Fiscal Year, the City's largest source of revenue in the General Fund was from the City's gross receipts tax on utilities. Maryland Heights charges 5.5% on the gross receipts of electric, gas, telephone and water companies in the City.

Sales Tax

Sales taxes are the second largest source of General Fund revenues. In St. Louis County, the County collects local sales taxes. Within the County, some cities are "pool"

cities and some cities are “point-of-sale” cities. Point-of-sale cities may impose a sales tax of up to 1.25% for general purposes. Under a statutory formula, point-of-sale cities must contribute up to 15% of the sales tax to a pool for distribution to pool cities and receive the balance of sales tax revenues generated within their borders. The County imposes a 1% sales tax in all portions of the County in which a local sales tax is not in effect and contributes a portion of the tax to the pool for distribution to pool cities. Pool cities receive sales tax from the pool on a per capita basis. Maryland Heights is a pool city with respect to its general sales tax. As described under the section “Park and Stormwater Sales Tax”, the City is a point-of-sale city with respect to the Park and Stormwater Sales Tax.

As a pool city, Maryland Heights’ sales tax receipts in the General Fund are dependent upon retail sales activities of all cities in St. Louis County and the population of Maryland Heights relative to all cities that participate in the pool. The following table sets forth the total general sales tax receipts of the City for the past five years.

<u>Fiscal Year</u>	<u>Amount</u>
2000	\$ 3,194,672
2001	3,237,547
2002	3,098,908
2003	3,057,166
2004	3,156,399

Source: City of Maryland Heights, 2004 Comprehensive Annual Financial Report

Gaming Revenues

In March of 1997, Harrah’s Entertainment Inc. began operating a riverboat casino in the City (see “GAMING IN MARYLAND HEIGHTS”).

Per State statute, the City receives \$1.00 for each person embarking on an excursion gambling boat or dock. In addition, the State imposes a 20% tax on adjusted gross receipts from gaming and distributes 10% of the amount it receives to the City.

Beginning with the fiscal year 2004, the City Council has ordered that gaming revenues are allocated as follows:

- First, an amount equal to the debt service payments for the Government Center for the fiscal year shall be deposited in the 2003 Leasehold Revenue Bonds Debt Service Fund
- Second, an amount equal to 15% of all gambling taxes received, or two million one hundred thousand dollars, whichever is greater, shall be deposited in the General Fund
- Third, an amount equal to 5% of all gambling taxes received shall be deposited in the Reserve Fund
- Fourth, an amount equal to the cost of basic residential trash collection for that fiscal year shall be deposited in the General Fund

- Fifth, an amount equal to 50% of all gambling taxes less the amount deposited in the 2003 Leasehold Revenue Bonds Debt Service Fund shall be deposited in the Capital Improvements Fund
- Sixth, all remaining gambling tax revenues shall be deposited in the Regional Infrastructure Fund.

The following table sets forth the total gaming tax revenue in all funds for the past five years.

<u>Fiscal Year</u>	<u>Amount</u>
2000	\$ 17,165,829
2001	16,007,410
2002	14,719,237
2003	13,300,709
2004	15,457,468

Source: City of Maryland Heights, 2004 Comprehensive Annual Financial Report

Park and Stormwater Sales Taxes

In November 1995, voters approved a 0.5% sales tax for park and stormwater projects. For purposes of this tax the City is a point-of-sale city and receives 100% of the taxes attributable to retail sales within its corporate limits. By statute, this tax may be used solely for funding parks and stormwater projects and for the cost of operating such improvements. In 1997, the Maryland Heights, Missouri Public Facilities Authority issued Leasehold Revenue Bonds, Series 1997 to finance various park improvements in the City. The City uses a portion of the tax to pay all of the principal and interest on the Series 1997 Bonds.

Property Taxes

The City does not levy any ad valorem property tax. Any future property tax imposed by the City would be subject to voter approval except for taxes imposed for the payment of any future voter approved general obligation bonds.

GAMING IN MARYLAND HEIGHTS

Although the City has no authority to levy or pledge a separate or specific tax or revenue source for payment of the Series 2003 Leasehold Revenue Bonds, it is anticipated that funds for the payment of the principal and interest will be derived from the City's gaming revenue. The following is a summary of the gaming facilities in Maryland Heights and the regulations affecting operations of such facilities.

Missouri Regulation

The gambling facility in Maryland Heights is Harrah's St. Louis, operated by Harrah's Maryland Heights LLC, an indirect subsidiary of Harrah's Entertainment, Inc.

The ownership and operation of a gaming riverboat in Missouri is subject to extensive regulation pursuant to the Missouri Riverboat Gambling Act and the rules and regulations promulgated thereunder. The five-member Missouri Gaming Commission is charged with such regulatory authority, including the issuance of riverboat gaming licenses. Licenses are granted for two-year terms. A holder of a license is subject to the imposition of penalties, suspension or revocation of its license for any act that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the State of Missouri. An ownership interest in a license or in a business entity, other than a publicly held business entity that holds a license, may not be transferred without the approval of the Gaming Commission.

Gaming in Missouri can be conducted legally only on either excursion gambling boats or floating facilities on the Mississippi and Missouri Rivers. Unless permitted to be continuously docked by the Gaming Commission for certain stated reasons, including safety, excursion gambling boats must cruise. Harrah's Maryland Heights LLC has been issued licenses to operate two adjacent floating facilities. The licenses were renewed in February 2004.

Even if continuously docked, licensed riverboats must establish and abide by an excursion schedule. Riverboat excursions are required to be a minimum of two hours and maximum of four hours. For the riverboat in Maryland Heights, which is continually docked, passengers may board the riverboat or disembark at any time. There is a state-ordered maximum loss per person per excursion of \$500.

There is a 20% tax on adjusted gross receipts (generally defined as gross receipts less payments to customers as winnings) from gambling. The tax imposed is to be paid by the licensed owner to the Gaming Commission on the day after the day when the wagers were made. Of the proceeds of that tax, 10% goes to the local government where the home dock is located and the remainder goes to the State.

The legislation also requires that licensees pay a \$2.00 admission tax for each person admitted to a gaming excursion of which \$1.00 is distributed to the local government. The licensed owner is required to maintain public books and records clearly showing amounts received from admission fees, the total amount of gross receipts and total amount of adjusted gross receipts.

Harrah's Entertainment

Harrah's Entertainment Inc., a Delaware corporation incorporated on November 2, 1989, operates more than 40 casinos in three countries.

Harrah's St. Louis has 120,000 square feet of casino space with 2,900 slot machines, 69 games, 12 poker tables, 12,000 square feet of convention space, eight restaurants and a 502-room hotel

For the year 2004, income from operations equaled \$791.1 million, representing an increase of 16.5% compared to 2003. Net income increased 25.7% and diluted earnings per share increased by 23% over 2003 results. For the year 2004, revenues for Harrah's Missouri market (which includes the casinos in Maryland Heights and Kansas City) increased 3.9% over 2003 revenues, driven primarily by recent capital investments of approximately \$80 million at the St. Louis casino.

Future operations may be affected by changes in laws (including increased tax rates), regulations of accounting standards, third-party relations and approvals, and decisions of courts, regulators and government bodies; competition; economic downturns that reduce discretionary spending; disruptions in airline travel and business conventions; and regulations resulting in increased homeland security spending. Harrah's is predominantly uninsured for losses and interruptions caused by terrorist acts and acts of war.

Harrah's Entertainment Inc., is a publicly traded company (NYSE ticker symbol: HET.) Additional information may be obtained on-line from the Securities Information from the SEC EDGAR database at <http://www.secinfo.com> or by writing to the Securities and Exchange Commission.

DEBT OF THE CITY

Outstanding Debt

The City has no outstanding general obligation bonds.

General

On August 2, 1988, an amendment to the Missouri Constitution was approved that decreased the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes from two-thirds (2/3) to four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of the City. The Missouri Constitution permits the City to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving sanitary or storm sewer systems. TIF notes and leasehold revenue bonds payable from annual appropriations do not require voter approval and do not count against the constitutional debt limitation.

Legal Debt Limit and Debt Margin

The following table sets forth the City's legal debt limit and debt margin.

	City Purposes Basic Limit	Street and Sewer Additional Limit
2004 Assessed Value	\$860,805,920	\$860,805,920
Debt Limit - 10% of Assessed Value	86,080,592	86,080,592
Less: General Obligation Bonds	0	0
Legal Debt Margin	\$86,080,592	\$86,080,592

Source: *City of Maryland Heights 2004 Comprehensive Annual Financial Report*

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the City.

	General Obligation Debt	Percent Applicable to the City	City's Direct and Overlapping Debt
City of Maryland Heights	\$ 0	1.0	\$ 0
St. Louis County	107,830,000	4.6	4,926,017
Monarch Fire Protection District	4,300,000	0.5	21,513
Pattonville Fire Protection District	925,000	26.5	245,391
Pattonville School District	51,260,889	41.7	21,373,578
Parkway School District	110,822,349	9.8	10,877,925
Total	\$ 275,138,238		\$ 37,444,425

Source: *The above-named jurisdictions*

Lease Obligations

The following is a list of currently outstanding lease obligations of the City:

<u>Issue</u>	<u>Amount</u>
City of Maryland Heights, Missouri, Public Facilities Authority, Leasehold Revenue Bonds, Series 1997	\$5,655,000
City of Maryland Heights, Missouri, Public Facilities Authority, Leasehold Revenue Bonds, Series 2003	<u>11,345,000</u>
	<u>\$17,000,000</u>

Obligations secured by annually appropriated funds do not constitute indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from available funds of a governmental body and neither taxes nor a specific source of revenues may be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations would be subject to voter approval.

Although a specific source of revenues may not be pledged to make debt service payments on lease obligations, the City has paid and intends to continue paying the principal of and interest on the Series 1997 Bonds with revenues from the Park and Stormwater Sales Tax and intends to pay the principal of and interest on the Series 2003 Bonds with gaming revenues.

The following table sets forth the debt service requirements on the City's outstanding Leasehold Revenue Bonds.

<u>Years</u>	<u>Series 1997 Bonds</u>		<u>Series 2003 Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2005	\$ 1,315,000	\$ 235,050	\$ 665,000	\$ 416,245	\$ 2,631,295
2006	1,380,000	172,720	675,000	406,270	2,633,990
2007	1,445,000	106,678	685,000	392,770	2,629,448
2008	1,515,000	36,360	705,000	375,645	2,632,005
2009			725,000	355,553	1,080,553
2010			745,000	332,353	1,077,353
2011			775,000	306,278	1,081,278
2012			800,000	276,828	1,076,828
2013			835,000	244,828	1,079,828
2014			870,000	210,593	1,080,593
2015			905,000	173,618	1,078,618
2016			945,000	134,250	1,079,250
2017			985,000	92,198	1,077,198
2018			1,030,000	47,380	1,077,380
Total	\$ 5,655,000	\$ 550,808	\$ 11,345,000	\$ 3,764,809	\$ 21,315,617

Source: City of Maryland Heights, Department of Finance

Future Debt

The City has no current plans for the future issuance of general obligations bonds or lease obligations.

Listed Events

The City will file with each National Repository and any Missouri state information depository or the Municipal Securities Rulemaking Board notice of the occurrence of any of the following events, if such event is material:

- Principal or interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- Modifications to rights of holders of the Bonds;
- Bond calls;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds;
- Rating changes.

The City has had no occurrence of a listed event in connection with the Bonds.

ADDITIONAL INFORMATION

Additional information relating to the City or the Bonds is available from the Finance Department of the City of Maryland Heights, 212 Millwell Drive, Maryland Heights, Missouri, 63043 or (314) 291-6550.

City Of Maryland Heights, Missouri



Comprehensive Annual Financial Report

For The Year Ended December 31, 2004

CITY OF MARYLAND HEIGHTS, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended December 31, 2004**

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

CITY OF MARYLAND HEIGHTS, MISSOURI

Financial Report

	Page
SECTION I - INTRODUCTORY SECTION	
Principal Officials	i
Organizational Chart	ii
Certificate of Achievement	iii
Letter of Transmittal	iv
SECTION II - FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Assets - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	22
Notes to Financial Statements	23
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Special Revenue Funds:	
Special Park Fund	43
Regional Infrastructure	44
Budgetary Data	45
Budgetary Basis of Accounting	46
Other Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	50
Combining Balance Sheet - Nonmajor Special Revenue Funds	51
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	53
Combining Balance Sheet - Nonmajor Debt Service Funds	55

CITY OF MARYLAND HEIGHTS, MISSOURI

Financial Report

Page

SECTION II - FINANCIAL SECTION (Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	57
Major Governmental Funds - Budgetary Information: Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Funds	59
Fiduciary Fund Types: Schedule of Changes in Net Assets - Agency Fund	61

SECTION III - STATISTICAL SECTION

Government-wide Expenses by Function	62
Government-wide Revenues by Source	63
General Governmental Expenditures by Function	64
General Governmental Revenues by Source	65
Assessed and Estimated Actual Value of Taxable Property	66
Property Tax Rates - Direct and Overlapping Governments	67
Legal Debt Margin	68
Computation of Direct and Overlapping Debt	69
Building Permits and Construction	70
Bank Deposits	71
Population by Age and Sex - 2000 Census	72
Miscellaneous Demographic Data	73
Miscellaneous Statistical Data	74
Schedule of Insurance in Force	75

CITY OF MARYLAND HEIGHTS, MISSOURI

Section I - Introductory

SECTION I - INTRODUCTORY SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI

Principal Officials

December 31, 2004

MAYOR

G. Michael Moeller

CITY COUNCIL

Judith H. Barnett
Edwin L. Dirck, Jr.
Danny R. Fitzgerald
Kenneth E. Gold
Donald A. Hunt
Daniel L. Johnson
Mary F. Nichols
Carol S. Turner

CITY ADMINISTRATOR

Mark M. Levin

CITY CLERK

Marcia L. Hayden

CHIEF OF POLICE

Thomas P. O'Connor

DIRECTOR OF PUBLIC WORKS

Bryan Pearl

DIRECTOR OF FINANCE

David V. Watson

DIRECTOR OF COMMUNITY DEVELOPMENT

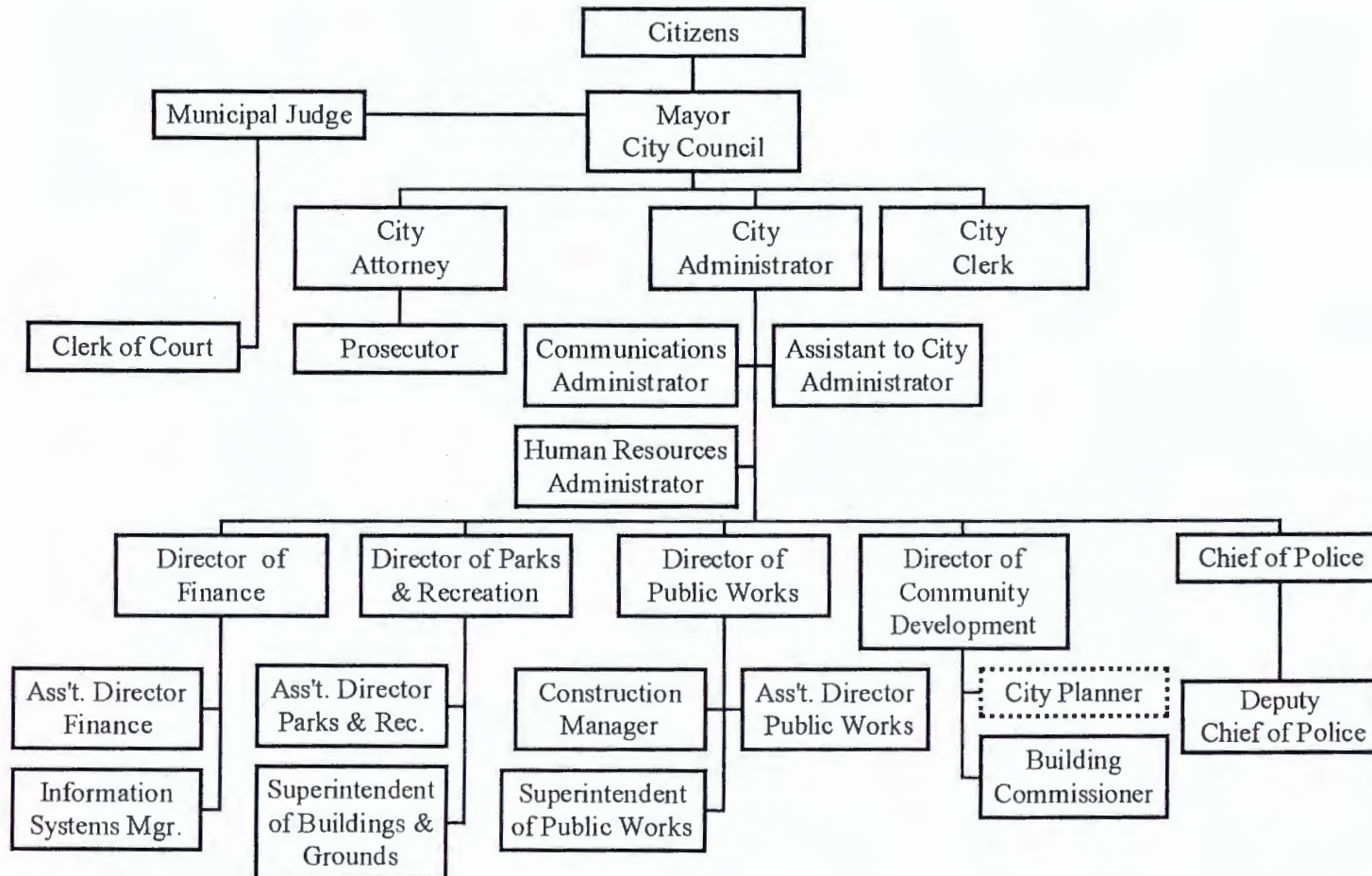
J. Wayne Oldroyd

DIRECTOR OF PARKS AND RECREATION

Mary L. Vaughan

CITY OF MARYLAND HEIGHTS, MISSOURI

Organizational Chart



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, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Enns

Executive Director



June 1, 2005

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, 2004, is hereby submitted. This report was prepared in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by an independent firm of licensed certified public accountants. This year's report, for the second year, conforms to a dramatic change in governmental financial reporting standards. The format and purposes of these changes are addressed in Management's Discussion and Analysis (MD&A).

The Comprehensive Annual Financial Report is presented in three sections:

1. The Introductory Section includes this transmittal letter, the 2003 Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, a list of the City's principal officials, and the City's organization chart.
2. The Financial Section includes the independent auditors' report, MD&A, basic financial statements for the City, and required supplementary information, as well as other supplementary information.
3. The Statistical Section includes unaudited financial data and demographic information, generally presented on a multi-year basis.

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 require 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, 2004, 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 unqualified opinion that the City's financial statements for the year ended December 31, 2004 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

U.S. generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of 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 can be found immediately following the independent auditors' report. The City's Finance Department prepared this 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 currently covers about 23.4 square miles and serves a population of 27,345 residents occupying about 13,100 housing units. The business community is quite diverse with 1,650 businesses employing 55,000 people. Also notable is the existence of over 3,200 hotel rooms, a casino, a 20,000 capacity outdoor amphitheater, and other popular nightlife activities. On a busy day, more than 120,000 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 a 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 must 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 hiring the City Administrator, City Clerk, City Attorney, 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 all City employees (except for the City Clerk who is appointed in the same way as the City Administrator) pursuant to policies adopted by the City Council.

The City provides a full 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 the provisions of Government Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (GASB No. 14). GASB No. 14 requirements for inclusion of component units are primarily based on whether the City's governing body has any significant amount of financial accountability for Potential Component Units (PCU). The City has determined that its financial reporting entity consists of the City (the primary government) and two blended component units: the Maryland Heights Public Facilities Board and the Industrial Development Authority of the City of Maryland Heights. There are no other PCU's that meet the requirements of GASB No. 14 and, as a result, this report includes all activities for which the City is financially accountable.

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 appropriation 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. 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. The budget is prepared by fund. It is broken down further by department, programs, or projects within the department, then object of expenditures (i.e., personal services, contractual services, commodities, capital assets, debt service) within programs and finally, line items within the objects. Department heads, with the City Administrator's approval, may transfer funds within departmental programs/projects. The City Administrator is authorized to move funds within a department between programs/projects up to \$10,000. 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 pages 41 through 46 as required supplementary information. For other governmental funds that have an adopted budget, comparison schedules are found in other supplementary information beginning on page 48.

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.

Riverboat Gaming. A large portion (about 40% in 2004) of the City's revenues is the result of taxes levied on the gaming facility operated by Harrah's Entertainment, Inc. 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. The Gaming Commission, along with the Missouri General Assembly, as it relates to legislative control of gambling, will have a major impact on the future financial condition of the City.

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. There are 20 hotels in the City comprising 3,248 rooms. Therefore, 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, SmithKline Bio Science Laboratories, Monsanto Chemical, Unisys, Coca-Cola, Watlow Electric, Reynolds Aluminum Supply Co., E.I. du Pont de Nemours, Worldwide Technologies, Express Scripts, and United Healthcare of the Midwest.

The demand for office space and hotel rooms in the region will have major impact on the financial health of the City.

Long-Term Financial Planning. Each year the City updates its five-year capital improvement plan. Projects totaling over \$100 million are planned for the years 2005 through 2009. Planned road and bridge projects amount to over \$82.6 million, stormwater projects amount to over \$6.1 million, and government facilities total \$11.7 million, including a new government center. This aggressive investment in infrastructure and facilities is made possible through the use of sales taxes, revenues from the casino located in the Riverport area, grants, and the issuance of \$12 million in Leasehold Revenue Bonds.

Cash Management Policies and Practices. Pursuant to its policy, the City invests available cash resources of all funds in repurchase agreements, certificates of deposit, obligations of the United States Treasury, Federal Agencies of the United States, and instrumentalities of the United States. All cash, with the exception of certain bond proceeds, are pooled for investment purposes. The length of pooled investments range from one day to two years and the total investment income (including increase or decrease in the market value of securities held at year-end) amounted to \$541,211 in 2004.

Risk Management. The City is a charter member of a self-insurance risk pool, comprised of various municipalities in St. Louis County, which provides coverage for workers' compensation and property and casualty liability exposures. During 2004, the pool distributed dividends to its members. The City's share was \$68,195. Additional information on the City's risk management activities can be found in Note J in the Notes to Financial Statements.

Debt Administration. At year-end, the City had two debt issues outstanding. These include \$5,655,000 in Leasehold Revenue Bonds for recreation facilities and \$11,345,000 in Leasehold Revenue Bonds issued in 2003 for the construction of a new government center.

The City has also issued a series of Tax Increment Financing (TIF) notes in cooperation with a developer (Duke Realty) for the purpose of paying a portion of the redevelopment costs of the South Heights Tax Increment Financing District Redevelopment Plan. The notes are considered a special limited obligation of the City and have been issued to Duke Realty. The City will make interest and principal payments in lieu of taxes attributable to the project site. During 2004, the City issued \$713,934 in TIF notes. The total outstanding at December 31, 2004 was \$15,535,591.

Pension and Other Post-Employment Benefits. Beginning in 2004, the City ceased regular contributions into a defined contribution plan but will make certain contributions to eligible employees' accounts for the next ten years and to certain other payments to eligible employees who retire prior to 2009.

Also beginning in 2004, the City became a member of the Missouri Local Government Employees Retirement System (LAGERS), a statewide multi-employer defined benefit plan.

During 2004, the City established a new benefit for eligible retired employees, which provides health insurance coverage until the retiree reaches age 65. The City made an initial contribution of \$2 million to provide funds for this benefit and will perform actuarial studies in the future to determine the required obligations.

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, 2003. This is the 15th 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 U.S. generally accepted accounting principles 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 has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report issued for the fiscal year ended December 31, 2003. 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.

In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended December 31, 2004. 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.

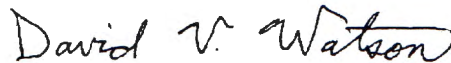
ACKNOWLEDGMENTS

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 Financial Analyst Tamara Ammann and Assistant Director of Finance Cathy Williams for their contributions. We would also like to acknowledge our auditors, Hochschild, Bloom & 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,



Mark M. Levin
City Administrator



David V. Watson
Director of Finance

CITY OF MARYLAND HEIGHTS, MISSOURI

Section II - Financial

SECTION II - FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



Hochschild, Bloom & Company LLP

Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

March 31, 2005

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

We have audited the accompanying financial statements of the governmental 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, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 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



Member: Polaris IA International with Member Offices in Principal U.S. and International Cities.

The Management's Discussion and Analysis and Required Supplemental Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinions thereon.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

As management of the City of Maryland Heights, Missouri (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended, December 31, 2004. 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 iv through ix of this report.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City of Maryland Heights exceeded its liabilities for the most recent fiscal year by \$137,877,086. Of this amount, \$20,553,300 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$10,852,537.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,176,155, an increase of \$3,761,537 in comparison with the prior year. The amount of fund balances available for future discretionary spending (not including the government center project) was \$32,924,742 or 61% of the total.
- During 2004, the City began a new service by providing for the cost of once-per-week collection of residential trash at an annual cost of approximately \$750,000.
- During 2004, the City placed in service a new roadway, the Maryland Heights Expressway, which substantially increased the expenses of Public Works related to depreciation of infrastructure (about \$970,000 annually).
- During 2004, an adjacent area of 200 acres was annexed, which added 1,600 residents to the City.
- At the end of 2004, unreserved fund balance for the General Fund was \$18,454,693 or 92% of total General Fund expenditures and transfers for the year.
- The City's major source of revenue-taxes on casino gambling-increased in 2004 to \$15,457,468 up from \$13,300,709 in 2003, an increase of \$2,156,759 (16.2%).
- The City's total long-term debt decreased by \$1,201,065, a drop of 3.6%.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) 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

This report also contains required supplementary information and other supplementary 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's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 City does not operate any business-type activities.

The government-wide financial statements can be found on pages 15 and 16 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

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds. The City has no proprietary (enterprise or internal service) 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 fund 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 City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for five major funds: General Fund, Special Park Fund, Regional Infrastructure Fund, Capital Improvements Fund, and Government Center Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section in this report.

The City adopts an annual budget for all governmental funds except the TIF Fund, Employee Supplemental Benefits Fund, and 1997 Leasehold Revenue Bonds Fund, which do not provide operational services. Budgetary comparison schedules have been provided to demonstrate legal compliance with the adopted budget.

The governmental fund financial statements can be found on pages 17 and 19 of this report.

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 (which the City does not have). The statement of fiduciary net assets can be found on page 21 of this report.

Notes to the basic 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

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

statements. The notes to the basic financial statements can be found beginning on page 23 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 41 through 46 of this report.

Other supplementary information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 49 through 61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year that the City has presented its financial statements under the new reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$137,877,086 at the close of the most recent fiscal year (December 31, 2004).

By far the largest portion of the City's net assets (80%) 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. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net assets is as follows:

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
ASSETS		
Current and other assets	\$ 58,058,210	54,230,692
Capital assets, net	<u>116,151,032</u>	<u>110,298,289</u>
Total assets	<u>174,209,242</u>	<u>164,528,981</u>
LIABILITIES		
Long-term liabilities	33,169,787	34,297,521
Other liabilities	<u>3,162,369</u>	<u>3,206,911</u>
Total liabilities	<u>36,332,156</u>	<u>37,504,432</u>
NET ASSETS		
Invested in capital assets, net of related debt	110,496,032	103,383,289
Restricted	6,827,754	6,456,634
Unrestricted	<u>20,553,300</u>	<u>17,184,626</u>
Total net assets	<u>\$137,877,086</u>	<u>127,024,549</u>

A portion of the City's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,553,300) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive fund balances in all three categories of net assets.

Governmental activities. Governmental activities increased the City's net assets by \$10,852,537. Key elements of this increase are as follows:

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

	For The Year Ended December 31, 2004	For The Year Ended December 31, 2003
REVENUES		
Program revenues:		
Charges for services	\$ 3,776,845	3,650,772
Federal, state and county grants	6,542,430	2,101,831
General revenues:		
Gaming taxes	15,457,468	13,300,709
Sales taxes	7,186,306	6,572,009
Utility taxes	4,141,272	4,095,310
Other taxes	1,247,529	953,586
Licenses and permits	756,774	691,775
Investment earnings	541,211	729,422
Gain on sale of capital assets	12,760	-
Miscellaneous	<u>293,501</u>	<u>305,096</u>
Total revenues	<u>39,956,096</u>	<u>32,400,510</u>
EXPENSES		
Governmental activities:		
Legislative	130,755	131,272
General administration	1,116,974	1,159,881
Finance and accounting	1,475,010	1,435,449
Community development	1,891,832	4,991,444
Public works	8,932,627	7,023,422
Police services	7,865,903	7,208,461
Judicial	245,429	210,105
Parks and recreation	3,843,452	3,796,326
Human services	220,890	221,829
Interest on long-term debt	<u>1,380,687</u>	<u>1,059,838</u>
Total expenses	<u>27,103,559</u>	<u>27,238,027</u>
Excess revenue over expenses	12,852,537	5,162,483
Special item - contribution to OPEB trust fund	<u>(2,000,000)</u>	<u>-</u>
Change in net assets	10,852,537	5,162,483
Net assets - beginning	<u>127,024,549</u>	<u>121,862,066</u>
Net assets - ending	<u>\$137,877,086</u>	<u>127,024,549</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

SIGNIFICANT CHANGES IN FUND NET ASSETS

The increase in net assets of \$10,852,537 was attributed to the ongoing situation of revenues exceeding expenses. Since 1997, when a casino complex opened, the City has been able to use a large portion of revenues to finance new capital asset projects, increase municipal services, and accumulate net assets. In 2004, the City invested over \$7 million in capital while depreciation expense totaled \$3.5 million. These factors epitomize the continued healthy financial condition the City is experiencing and the positive impact of last year's operations.

The expenses of Public Works increased by 27% due in large part to two factors: the first year of paying the cost of residential trash collection (\$691,000) and the placing in service of a new major roadway, the Maryland Heights Expressway, with a depreciation expense of \$970,000. These two items combine for a 23% increase in Public Works expense from 2003.

The decrease in expenses of the Community Development Department relates to a very high level of activity in 2003 for costs associated with improvements in the South Heights Redevelopment Area that did not occur in 2004. These expenses are financed by the collection of incremental tax revenues in the district and notes issued.

FUNDS FINANCIAL ANALYSIS

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, unreserved 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 2004, the City's governmental funds reported combined ending fund balances of \$54,176,155, an increase, of \$3,761,531 from 2003. Over three-fourths of the total amount (\$39,946,837) constitutes unreserved fund balance, which is available for spending at the City's discretion. However, \$7,022,145 (17.5% of the total unreserved governmental funds fund balance) has been designated for the construction for a new government center. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed:

1. To liquidate contracts and purchase orders of the prior period (\$11,359,758)
2. To pay debt service (\$2,637,418)
3. For prepaid expenses (\$232,092)

During 2004, the unreserved fund balance of the City's General Fund increased by \$5,481,861 or 42% from the prior year. The change of the unreserved fund balance is mainly due to the

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

decrease in reserves of the General Fund for advances to other governmental funds. Advances from the General Fund to other governmental funds are to finance operations and capital projects that will be paid from a future flow of revenues. Advances take the place of external borrowing. The total advances dropped by \$5,477,749 from \$12,703,700 at the end of 2003 to \$7,225,951 at the end of 2004. Other significant factors affecting the General Fund's unreserved fund balance was the contribution of \$2 million to a new trust fund for the establishment of a retiree health insurance benefit program, the transfer of \$2.5 million to a new Special Revenue Fund to pay for certain employee benefits over the next ten years and revenues exceeding expenditures (\$1,720,634).

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 105% of the total General Fund expenditures and transfers out, while the total General Fund balance represents 148% of expenditures and transfers out.

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

- The Special Park Fund dropped 43% (\$1,129,483) to a deficit of \$3,719,793 due to the on-going debt service obligations from the issuance of leasehold revenue bonds in 1997, which require annual payments of \$1.5 million. User fees from the facilities and a special sales tax have not provided sufficient revenues to meet expenditures and also provide for the debt service requirements. As a result, the General Fund has advanced almost \$3.8 million to offset the Park Fund's deficits. Beginning in 2008, when debt service obligations cease, the Park Fund is expected to begin repayments.
- The Regional Infrastructure Fund (formerly called the Maryland Heights Expressway Fund) increased \$3,507,362 (100%) to \$15,119 (from a deficit of \$3,492,243) due to revenues exceeding expenditures and transfers out. The fund exists to utilize part of the City's gaming tax revenue (25% of the taxes in 2004 or \$3,957,784) for major infrastructure projects that benefit the St. Louis region. During the years 1997 to 2004, the City expended \$38 million to construct a major new roadway, the Maryland Heights Expressway, and fund balance experienced a deficit that was financed by obtaining advances from the General Fund.
- The Capital Improvements Fund decreased 13.7% in 2004 due to expenditures and transfers out exceeding revenues. Primarily, the transfers out during 2004 represented amounts to partially fund construction of the new government center (\$2,500,000).
- The Government Center Fund, established in 2003 to account for the expenditures of constructing a new building, increased by \$901,022 (7%) in 2004 due primarily to the transfer from the Capital Improvements Fund exceeding expenditures. The fund is expected to expend its balance during 2005 and 2006 as the project progresses.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

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 road way improvements to ensure completion of the projects
- Amounts seized as evidence in criminal cases that will be disbursed as directed by courts

At the end of 2004, the cash (and cash equivalents) had increased \$26,181 (to \$424,082) from 2003 due to normal activity.

During 2004, the City established an "Other Post-Employment Benefit" (OPEB) Trust Fund to account for retiree health benefits. The General Fund made a contribution of \$2 million and investment income of \$30,242 was recognized. No benefits were paid during 2004.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final 2004 budget for the City's General Fund represents an original budget of \$16,340,064 increased by \$121,130 to \$16,461,194, an adjustment of less than 1%. The changes during the year were as follows:

- An increase of \$98,000 in public works to recognize the increase in motor fuel costs, an extraordinary vehicle repair and some specific street maintenance issues that have no anticipated impact on future years expected costs
- An increase of \$47,000 in the police services due to the increased cost of motor fuel and lower than expected employee turnover
- An increase of \$14,980 in the judicial department to increase the number of court nights and to implement internet payment of certain traffic violations
- An increase of \$5,000 for city hall maintenance (included in the parks and recreation function) for unanticipated heating and air-conditioning repairs
- An increase of \$10,000 in the human services function for higher than estimated activity for utility tax rebates to eligible senior citizens
- A decrease of \$53,850 in general administration due to vacant employee positions in human resources, central services, and public relations

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

The City revises revenue estimates as information becomes available. General Fund revenue estimates were increased by \$445,000 from the original budget due to the increase in gaming taxes, continued increase in court levied fines, and adjustment of estimates of utility taxes, investment income, and building permit fees.

The General Fund ended the year by spending \$1,868,364 more than revenues. Other financing sources and uses net in an increase in budgetary fund balance of \$1,146,373. The other financing sources consisted of transfers in from other funds, repayment of advances made by the General Fund in previous years, and transfers to other funds, including the \$4.5 million to establish two new funds mentioned earlier. The result was a total increase of \$3,014,737 to \$18,686,785 in 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City has invested \$116,151,032, net of accumulated depreciation, in a broad range of capital assets including vehicles, equipment, buildings, park facilities, roads, bridges, and sidewalks. This represents a net increase for the current fiscal year (including additions and deductions) of \$6,085,388 or 5.5%, over last year. The major portion of the increase was for construction of a new government center, which is reflected in the construction in progress amounts. The City's capital assets, net of depreciation, are as follows:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Land and improvements	\$ 16,679,782	16,791,010
Buildings	6,170,678	6,423,038
Machinery and equipment	735,148	635,480
Automobiles and trucks	1,057,585	1,124,971
Infrastructure	82,120,397	81,403,521
Construction in progress	<u>9,387,442</u>	<u>3,687,624</u>
Total	<u>\$116,151,032</u>	<u>110,065,644</u>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of 2004. Fund financial statements record capital asset purchases as expenditures.

Additional information on the City's capital assets can be found in Note D on pages 32 and 33 of this report.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

Long-term Debt

At the end of 2004, the City had total long-term debt obligations for governmental activities in the amount of \$32,535,591 compared to \$33,736,656 at the end of 2003. None of the debt outstanding represents general obligation bonds.

	<u>Fiscal Year</u> <u>2004</u>	<u>Fiscal Year</u> <u>2003</u>	<u>Percentage</u> <u>Change</u>
Governmental Activities:			
Leasehold Revenue Bonds	\$17,000,000	18,915,000	(10.1%)
South Heights TIF District Notes	<u>15,535,591</u>	<u>14,821,656</u>	4.8
Total	<u>\$32,535,591</u>	<u>33,736,656</u>	(3.6)

The City, through the Maryland Heights Public Facilities Authority (PFA), a blended component unit, issues leasehold revenue bonds to facilitate the financing of construction and acquisition of certain capital improvements and facilities for the sole benefit of the City. During 2004, the City retired \$1.26 million of the 1997 leasehold revenue bonds issued to finance park improvements, leaving a balance of \$5,655,000 at the end of 2004. Also during 2004, the City retired \$655,000 of the 2003 leasehold revenue bonds issued to finance the construction of a new government center, leaving a balance of \$11,345,000 at the end of 2004.

The South Heights TIF notes represent a special limited obligation of the City that have been issued to the developer. The City will make principal and interest payments on TIF notes to the developer based on incremental revenues in lieu of taxes attributable to the project site. During 2004, a total of \$713,934 in TIF notes was issued. No principal was retired.

Missouri state law limits the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The City's authorized debt limit for fiscal year 2004 was about \$86 million. The City has issued no debt covered by this limitation.

The leasehold revenue bonds are covered by insurance policies insuring the payment of principal and interest when due. Consequently the bonds have been assigned a rating of "Aaa" by Moody's Investor Service, Inc.

Additional information regarding the City's long-term debt can be found in Note G on pages 34 through 37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The City's 2005 annual budget projects total expenditures of \$51,208,724, including capital improvements of \$27,366,000, of which \$11.3 million is allocated for the construction of a new government center.

CITY OF MARYLAND HEIGHTS, MISSOURI

Management's Discussion and Analysis

For the year ended December 31, 2004

- The City's capital improvement plan for 2005 to 2009 projects investment in infrastructure improvements and new facilities of over \$100 million.
- The City relies heavily on gaming taxes generated by the Harrah's casino complex to fund services at the current level and provide funds for capital improvements. The significant increase in these revenues in 2004 was the result of effective marketing and major improvements to its facility, which is expected to continue in 2005. However, the state has approved an increase in the number of casinos in the St. Louis area, which will cause more competition in the marketplace. Further, the Missouri legislature continually considers proposed measures that would decrease a home dock city's share of taxes generated by the casino.
- The City is part of the regional St. Louis economy that faces the challenges of many urban areas in the United States. However, the City's economic base is rather diverse and the housing choices are varied, yet stable.
- In 2005, the City turned over responsibility of a new major roadway, the Maryland Heights Expressway, to St. Louis County, thereby causing a large decrease in infrastructure assets and a large reduction in depreciation expense.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Maryland Heights, Director of Finance, 212 Millwell Drive, Maryland Heights, Missouri 63043.

CITY OF MARYLAND HEIGHTS, MISSOURI

Statement of Net Assets

December 31, 2004

	Governmental	
	Activities	
	<hr/>	
ASSETS		
Cash and investments	\$	38,530,308
Receivables		5,634,943
Deferred charges		296,752
Prepays		232,092
Cash - restricted		13,364,115
Capital assets not being depreciated:		
Land		9,857,881
Infrastructure		23,859,917
Construction in progress		9,387,442
Capital assets, net of accumulated depreciation:		
Buildings		6,170,678
Other improvements		6,821,901
Machinery and equipment		735,148
Automobiles and trucks		1,057,585
Infrastructure		58,260,480
Total assets		<hr/> <u>174,209,242</u>
 LIABILITIES		
Accounts payable		2,059,006
Accrued interest		703,858
Accrued payroll		207,851
Unearned revenue		191,654
Noncurrent liabilities:		
Due within one year		1,980,000
Due in more than one year		31,189,787
Total liabilities		<hr/> <u>36,332,156</u>
 NET ASSETS		
Invested in capital assets, net of related debt		110,496,032
Restricted:		
Debt service		2,637,418
Stormwater projects		4,190,336
Unrestricted		20,553,300
Total net assets	\$	<hr/> <u><u>137,877,086</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

Statement of Activities

For the year ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Primary Government
Governmental activities:					
Legislative	\$ 130,755	-	-	-	(130,755)
General administration	1,116,974	-	-	-	(1,116,974)
Finance and accounting	1,475,010	-	-	-	(1,475,010)
Community development	1,891,832	488,440	-	-	(1,403,392)
Public works	8,932,627	-	2,002,993	3,051,765	(3,877,869)
Police services	7,865,903	2,077,178	43,410	-	(5,745,315)
Judicial	245,429	264,554	-	-	19,125
Parks and recreation	3,843,452	915,092	-	1,444,262	(1,484,098)
Human services	220,890	31,581	-	-	(189,309)
Interest on long-term debt	1,380,687	-	-	-	(1,380,687)
Total governmental activities	\$ 27,103,559	3,776,845	2,046,403	4,496,027	(16,784,284)
General revenues:					
Gaming tax					15,457,468
Sales tax					7,186,306
Utility tax					4,141,272
Property tax from tax increment financing					808,913
Sewer lateral fees					219,591
Hotel/motel tax					124,270
Cigarette tax					94,755
Business license tax					542,440
Cable franchise fee					214,334
Investment earnings					541,211
Miscellaneous					293,501
Gain on sale of capital assets					12,760
Special item--Contribution to OPEB trust fund					(2,000,000)
Total general revenues and special items					27,636,821
Change in net assets					10,852,537
Net assets - beginning					127,024,549
Net assets - ending					\$ 137,877,086

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

Balance Sheet
Governmental Funds

December 31, 2004

	Major Funds					Nonmajor Governmental Funds	Eliminations	Total Governmental Funds
	General	Special Park	Regional Infrastructure	Capital Improvements	Government Center			
ASSETS								
Cash and investments	\$ 17,297,012	-	-	9,305,712	3,610,257	8,317,327	-	38,530,308
Cash - restricted	-	-	-	-	10,666,330	2,697,785	-	13,364,115
Receivables:								
Municipal taxes	2,004,714	401,318	490,423	787,826	-	968,052	-	4,652,333
Licenses, permits, fines, and fees	84,222	-	-	-	-	-	-	84,222
Intergovernmental	89,179	-	-	500,000	-	-	-	589,179
Accrued interest	165,846	-	-	-	75,850	16,630	-	258,326
Other	50,883	-	-	-	-	-	-	50,883
Prepaid expenditures	232,092	-	-	-	-	-	-	232,092
Due from other funds	590,601	-	-	-	-	-	(590,601)	-
Advances to other funds	7,225,951	-	-	-	-	-	(7,225,951)	-
Total assets	\$ 27,740,500	401,318	490,423	10,593,538	14,352,437	11,999,794	(7,816,552)	57,761,458
LIABILITIES								
Accounts payable	\$ 566,139	112,135	1,612	706,225	588,021	84,777	-	2,058,909
Accrued payroll	201,651	-	-	-	-	6,200	-	207,851
Deposits held for others	97	-	-	-	-	-	-	97
Deferred revenue	1,004,750	132,866	-	-	-	180,830	-	1,318,446
Due to other fund	-	103,610	452,692	-	-	34,299	(590,601)	-
Advance from General Fund	-	3,772,500	21,000	-	-	3,432,451	(7,225,951)	-
Total liabilities	1,772,637	4,121,111	475,304	706,225	588,021	3,738,557	(7,816,552)	3,585,303
FUND BALANCES (DEFICIT)								
Reserved for:								
Debt service	-	-	-	-	-	2,637,418	-	2,637,418
Encumbrances	55,127	52,676	35,205	2,702,982	6,742,271	1,771,497	-	11,359,758
Prepaid expenditures	232,092	-	-	-	-	-	-	232,092
Advances	7,225,951	-	-	-	-	-	(7,225,951)	-
Unreserved:								
Designated for subsequent years' expenditures	-	-	-	-	7,022,145	-	-	7,022,145
Undesignated - General Fund	18,454,693	-	-	-	-	-	7,225,951	25,680,644
Undesignated - Special Revenue Funds	-	(3,772,469)	(20,086)	-	-	3,770,851	-	(21,704)
Undesignated - Capital Projects Funds	-	-	-	7,184,331	-	-	-	7,184,331
Undesignated - Debt Service Funds	-	-	-	-	-	81,471	-	81,471
Total fund balances (deficit)	25,967,863	(3,719,793)	15,119	9,887,313	13,764,416	8,261,237	-	54,176,155
Total liabilities and fund balances (deficit) \$	27,740,500	401,318	490,423	10,593,538	14,352,437	11,999,794	(7,816,552)	57,761,458

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

December 31, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$ 54,176,155
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	116,151,032
Bond issuance costs are reported in the funds when debt is issued, whereas these amounts are deferred and amortized over the life of the debt on the government-wide statements.	296,752
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	(32,535,591)
Interest on long-term debt is recognized as an expenditure when due in the funds.	(703,858)
Compensated absences are not reported in the funds.	(634,196)
Some revenues are not available soon enough to pay for current expenditures and are not reported as revenue in the funds.	<u>1,126,792</u>
Net assets of governmental activities	<u>\$ 137,877,086</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended December 31, 2004

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Special Park	Regional Infrastructure	Capital Improvements	Government Center		
REVENUES							
Municipal taxes	\$ 12,887,290	2,243,421	3,957,784	6,650,284	-	4,260,614	29,999,393
Licenses, permits, fines, and fees	3,156,399	-	-	-	-	-	3,156,399
Parks and recreation	-	915,092	-	-	-	-	915,092
Intergovernmental	290,232	144,262	3,425	500,000	-	13,580	951,499
Investment income	362,219	-	-	-	110,712	68,280	541,211
Miscellaneous	201,725	-	-	-	20,000	145,746	367,471
Total revenues	<u>16,897,865</u>	<u>3,302,775</u>	<u>3,961,209</u>	<u>7,150,284</u>	<u>130,712</u>	<u>4,488,220</u>	<u>35,931,065</u>
EXPENDITURES							
Current:							
Legislative	130,755	-	-	-	-	-	130,755
General administration	1,068,908	-	-	-	-	13,500	1,082,408
Finance and accounting	1,393,955	-	-	-	-	7,000	1,400,955
Community development	1,027,032	-	-	-	-	839,002	1,866,034
Public works	3,163,732	-	-	-	-	828,147	3,991,879
Police services	7,402,259	-	-	-	-	227,686	7,629,945
Judicial	239,337	-	-	-	-	3,000	242,337
Parks and recreation	202,799	2,915,398	-	-	-	12,055	3,130,252
Human services	215,406	-	-	-	-	5,429	220,835
Debt service:							
Principal	-	-	-	-	-	1,915,000	1,915,000
Interest	-	-	-	-	-	1,277,576	1,277,576
Capital outlay	333,048	294,417	386,874	5,898,690	1,729,690	784,316	9,427,035
Total expenditures	<u>15,177,231</u>	<u>3,209,815</u>	<u>386,874</u>	<u>5,898,690</u>	<u>1,729,690</u>	<u>5,912,711</u>	<u>32,315,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,720,634</u>	<u>92,960</u>	<u>3,574,335</u>	<u>1,251,594</u>	<u>(1,598,978)</u>	<u>(1,424,491)</u>	<u>3,616,054</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	489,724	332,617	-	66,973	2,500,000	4,055,060	7,444,374
Transfers out	(2,821,100)	(1,555,060)	(66,973)	(2,891,779)	-	(109,462)	(7,444,374)
Proceeds of sale of property	-	-	-	-	-	1,431,549	1,431,549
Proceeds of tax increment financing notes	-	-	-	-	-	713,934	713,934
Total other financing sources	<u>(2,331,376)</u>	<u>(1,222,443)</u>	<u>(66,973)</u>	<u>(2,824,806)</u>	<u>2,500,000</u>	<u>6,091,081</u>	<u>2,145,483</u>
SPECIAL ITEM							
Contribution to OPEB trust fund	(2,000,000)	-	-	-	-	-	(2,000,000)
Total special item	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>
Net change in fund balances	(2,610,742)	(1,129,483)	3,507,362	(1,573,212)	901,022	4,666,590	3,761,537
Fund balances (deficit):							
Beginning of year	<u>28,578,605</u>	<u>(2,590,310)</u>	<u>(3,492,243)</u>	<u>11,460,525</u>	<u>12,863,394</u>	<u>3,594,647</u>	<u>50,414,618</u>
End of year	\$ <u>25,967,863</u>	\$ <u>(3,719,793)</u>	\$ <u>15,119</u>	\$ <u>9,887,313</u>	\$ <u>13,764,416</u>	\$ <u>8,261,237</u>	\$ <u>54,176,155</u>

The notes to the financial statements are an integral part of this statement.

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, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 3,761,537
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,494,741
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase (decrease) net assets.	2,358,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	235,482
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items 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.	1,076,108
Compensated absences reduce net assets on the statement of activities, but do not require the use of current finance resource and, therefore, are not reported as expenditures in governmental funds.	<u>(73,331)</u>
Change in net assets of governmental activities	<u>\$ 10,852,537</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

**Statement of Fiduciary Net Assets
Fiduciary Funds**

December 31, 2004

	<u>Agency Fund</u>	<u>Other Post-employment Benefit Trust Fund</u>
ASSETS		
Cash and investments	\$ 424,082	2,030,242
LIABILITIES		
Deposits held for others	<u>424,082</u>	<u>-</u>
NET ASSETS	<u>\$ -</u>	<u>2,030,242</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARYLAND HEIGHTS, MISSOURI

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

For the year ended December 31, 2004

		Other Post-employment Benefit Trust Fund
		<u> </u>
ADDITIONS		
Employer contributions	\$	2,000,000
Investment income		30,242
Total additions		<u>2,030,242</u>
DEDUCTIONS		<u>-</u>
Total deductions		<u>-</u>
Net increase		2,030,242
Net assets held in trust for retiree health benefits:		
Beginning of year		<u>-</u>
End of year	\$	<u><u>2,030,242</u></u>

The notes to the financial statements are an integral part of this statement.

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 services, finance and accounting, community development, public works, police services, judicial, and parks and recreation.

The accounting policies and financial reporting practices of the City conform to U.S. generally accepted accounting principles 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 its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14. 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 unit's 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 two blended component units: the City of Maryland Heights Public Facilities Authority (PFA) and the Industrial Development Authority of the City of Maryland Heights (IDA).

Blended Component Units

The following component units are legally separate from the City; however, their activities are so intertwined with the City as the primary government that they are, in substance, the same as the primary government. As such, the balances and transactions of these component units are blended into the financial statements and are reported in a manner similar to the balances and transaction of the City itself.

The PFA is a not-for-profit corporation created by Ordinance of the City Council, organized and existing under the laws of the State of Missouri. Board members are appointed by the Mayor. The purpose of the PFA is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City. The PFA is accounted for as a part of the City's primary operations within the Debt Service Fund because it was established to provide benefits exclusively for the public needs of the City.

The IDA is a not-for-profit corporation established by resolution of the City Council and formed under RSMo Chapter 349, *The Industrial Development Corporations Act*. It is designed to develop, advance, encourage, and promote commercial, industrial, agricultural and manufacturing facilities in and about the City. The City appoints all members to the IDA's Board of Directors and provides both financial and administrative support.

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Reporting Entity (Continued)

The IDA 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 Industrial Development Special Revenue Fund because the governing body of the IDA is substantively the same as the governing body of the City and the IDA provides services entirely to the City.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 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 and major individual enterprise 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 and fiduciary fund financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recog-

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)

nized 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 thirty 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. 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 -- The General 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.

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

Regional Infrastructure Fund -- This fund was established to account for the revenues and expenditures for regional infrastructure projects.

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

Government Center Fund -- This fund is a Capital Projects Fund used to account for the construction of a new government center.

Additionally, the City reports the following fund type:

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

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)

in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Investments

The City Treasurer maintains a cash and investment pool that is available for use by all funds. Interest income on pooled cash and investments is recorded within each fund.

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 market value. Fair values for all other investments is based on quoted market prices.

5. Restricted Assets

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

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 estimated fair market value at the date of donation.

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
Automobiles and trucks	5 - 10
Infrastructure	10 - 50

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. Sick leave is based upon continuous weeks of service and is only available to provide compensation during periods of illness.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Long-Term Obligations (Continued)

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 Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve 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 reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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.

12. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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.

NOTE B - DEPOSITS AND INVESTMENTS

1. Deposits

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

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

1. Deposits (Continued)

Insurance Corporation. As of December 31, 2004, 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

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end as: 1) insured or registered with securities held by the City or its agent in the City's name, 2) uninsured and unregistered for which the securities are held by the financial institution's trust department or agent in the City's name, or 3) uninsured and unregistered investments for which the securities are held by the financial institution's trust department, the broker dealer, but not in the City's name.

	December 31, 2004			Reported Value/ Fair Value
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government and agency securities	\$ -	49,123,130	-	49,123,130
Repurchase agreements	-	<u>2,947,000</u>	-	<u>2,947,000</u>
Subtotal	<u>\$ -</u>	<u>52,070,130</u>	<u>-</u>	52,070,130
Treasury money market mutual funds				45,057
Trust fund - mutual funds				2,030,240
City cash deposits				<u>203,320</u>
Total cash and investments				<u>\$54,348,747</u>

State statutes authorize Missouri local governments to invest in obligations of the United States government or any agency or instrumentality thereof, obligations of the State of Missouri, time certificates of deposit, and repurchase agreements. Cash deposits require collateral to be pledged by the custodian bank in an amount sufficient to cover the amounts on deposit.

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended December 31, 2004			
	December 31 2003	Additions	Deletions	December 31 2004
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,744,150	1,545,280	1,431,549	9,857,881
Right-of-way	13,409,590	87,842	-	13,497,432
Nondepreciable components of streets	9,958,079	404,406	-	10,362,485
Construction in progress	<u>3,687,624</u>	<u>5,745,164</u>	<u>45,346</u>	<u>9,387,442</u>
Total capital assets not being depreciated	<u>36,799,443</u>	<u>7,782,692</u>	<u>1,476,895</u>	<u>43,105,240</u>
Capital assets being depreciated:				
Buildings	7,593,160	-	63,445	7,529,715
Other improvements	9,600,250	253,811	-	9,854,061
Machinery and equipment	1,824,744	134,343	90,604	1,868,483
Automobiles and trucks	2,872,222	405,003	340,111	2,937,114
Infrastructure	<u>79,593,527</u>	<u>2,604,197</u>	<u>90,000</u>	<u>82,107,724</u>
Total capital assets being depreciated	<u>101,483,903</u>	<u>3,397,354</u>	<u>584,160</u>	<u>104,297,097</u>
Less - Accumulated depreciation for:				
Buildings	1,170,122	194,919	6,004	1,359,037
Other improvements	2,553,390	478,770	-	3,032,160
Machinery and equipment	1,189,264	170,621	226,550	1,133,335
Automobile and trucks	1,747,251	412,458	280,180	1,879,529
Infrastructure	<u>21,557,675</u>	<u>2,289,569</u>	<u>-</u>	<u>23,847,244</u>
Total accumulated depreciation	<u>28,217,702</u>	<u>3,546,337</u>	<u>512,734</u>	<u>31,251,305</u>
Total capital assets being depreciated, net	<u>73,266,201</u>	<u>(148,983)</u>	<u>71,426</u>	<u>73,045,792</u>
Governmental activities capital assets, net	<u>\$110,065,644</u>	<u>7,633,709</u>	<u>1,548,321</u>	<u>116,151,032</u>

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

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE C - CAPITAL ASSETS (Continued)

**For The Year Ended
December 31, 2004**

Governmental activities:	
General administration	\$ 22,560
Finance and accounting	52,005
Community development	18,397
Public works	2,606,168
Police services	159,787
Parks and recreation	<u>687,420</u>
	<u>\$3,546,337</u>

NOTE D - INTERFUND BALANCES

The due to and due from other funds consist of the following:

	December 31, 2004	
	Receivable Fund	Payable Fund
General	\$590,601	-
Special Revenue - Special Park Fund	-	103,610
Special Revenue - Regional Infrastructure Fund	-	452,692
Special Revenue - Tourism Tax Fund	-	25,163
Debt Service - 1997 Leasehold Revenue Bonds	<u>-</u>	<u>9,136</u>
	<u>\$590,601</u>	<u>590,601</u>

The City finances deficits in individual fund balances by advances from the General Fund. These advances are shown as a receivable and reservation of fund balance in the General Fund. In the fund receiving the advance, the advance is reported in the liability section of the balance sheet. The advance to and advance from other funds consist of the following:

	December 31, 2004	
	Receivable Fund	Payable Fund
General	\$7,225,951	-
Special Revenue - Special Park Fund	-	3,772,500
Special Revenue - Regional Infrastructure Fund	-	21,000
Special Revenue - TIF District Fund	-	3,368,451
Special Revenue - Sewer Lateral Fund	<u>-</u>	<u>64,000</u>
	<u>\$7,255,951</u>	<u>7,225,951</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE D - INTERFUND BALANCES (Continued)

The Special Park Fund is expected to begin repaying advances in 2008 when debt service commitments on the leasehold revenue bonds are fully met.

The Regional Infrastructure Fund advances represent funds advanced to finance construction activities for the construction of the City of Maryland Heights Expressway. The advances will be repaid by future cash inflows generated by the gaming tax.

The TIF District Fund advances represent funds advanced to conduct redevelopment activities within the TIF district. The advances will be repaid in future years.

The Sewer Lateral Fund advances were necessitated because of deficits resulting from a higher demand of eligible claims from citizens than revenues received in the three years the program has existed. The advances will be repaid in future years when revenues exceed expenditures.

NOTE E - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

	Transfer In					Total
	General	Special Park	Govern- ment Center	Capital Improve- ment	Nonmajor Govern- mental	
Transfer out:						
General	\$ -	321,100	-	-	-	321,100
Special Park	-	-	-	-	1,555,060	1,555,060
Regional Infrastructure	-	-	-	66,973	-	66,973
Nonmajor Governmental	<u>489,724</u>	<u>11,517</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>5,501,241</u>
Total	<u>\$489,724</u>	<u>332,617</u>	<u>2,500,000</u>	<u>66,973</u>	<u>4,055,060</u>	<u>7,444,374</u>

Interfund transfers may be 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, 2) use unrestricted revenues collected to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE F - LONG-TERM DEBT

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

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE F - LONG-TERM DEBT (Continued)

	<u>For The Year Ended December 31, 2004</u>					
	<u>Balance</u>				<u>Balance</u>	<u>Amounts</u>
	<u>December 31</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31</u>	<u>Due Within</u>	
	<u>2003</u>			<u>2004</u>	<u>One Year</u>	
PFA Revenue bonds, Series 1997	\$ 6,915,000	-	1,260,000	5,655,000	1,315,000	
PFA Revenue bonds, Series 2004	12,000,000	-	655,000	11,345,000	665,000	
TIF notes payable, Series 2001B	12,995,253	632,609	-	13,627,862	-	
TIF notes payable, Series 2001A	1,826,403	81,326	-	1,907,729	-	
Compensated absences payable	<u>560,865</u>	<u>1,050,836</u>	<u>977,499</u>	<u>634,196</u>	<u>-</u>	
Total long-term liabilities	<u>\$34,297,521</u>	<u>1,764,765</u>	<u>2,892,499</u>	<u>33,169,787</u>	<u>1,980,000</u>	

The PFA Revenue bonds and TIF notes payable are to be liquidated by the Leasehold Revenue Bond Funds and TIF District Funds, respectively. Also, compensated absences are generally liquidated by the General Fund.

Public Facilities Authority (PFA) Revenue Bonds Payable

On July 1, 1997, the PFA was formed as a Missouri not-for-profit corporation. The purpose of the PFA is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City.

Funding of such capital improvements and facilities has been provided through the PFA's issuance of leasehold revenue bonds. The leasehold revenue bonds do not constitute a legal debt or liability for the City, the State of Missouri, or for any political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the leasehold revenue bonds does not obligate the City to levy any form of taxation or to make any appropriation for its payment in any fiscal year. The PFA has no taxing power. The revenue bonds issued by the PFA are recorded as long-term debt to the extent the bond indentures require debt service payments from the governmental fund types to retire the debt.

There are two PFA Leasehold Revenue Bonds as follows:

- Series 1997, 3.8% to 4.8%, payable in variable amounts through 2008 to be repaid from proceeds of the one-half cent sales tax related to parks and user fees
- Series 2004, 1.1% to 4.6%, payable in variable amounts through 2018

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE F - LONG-TERM DEBT (Continued)

Aggregate maturities required on PFA Leasehold Revenue Bonds debt are as follows:

For The Years Ended <u>December 31</u>	<u>PFA Revenue Bonds, Series 1997</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$1,315,000	235,050	1,550,050
2006	1,380,000	172,720	1,552,720
2007	1,445,000	106,678	1,551,678
2008	<u>1,515,000</u>	<u>36,360</u>	<u>1,551,360</u>
	<u>\$5,655,000</u>	<u>550,808</u>	<u>6,205,808</u>

For The Years Ended <u>December 31</u>	<u>PFA Revenue Bonds, Series 2004</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 665,000	416,245	1,081,245
2006	675,000	406,270	1,081,270
2007	685,000	392,770	1,077,770
2008	705,000	375,645	1,080,645
2009	725,000	355,553	1,080,553
2010	745,000	332,353	1,077,353
2011 - 2015	4,185,000	1,212,143	5,397,143
2016 - 2018	<u>2,960,000</u>	<u>273,828</u>	<u>3,233,828</u>
	<u>\$11,345,000</u>	<u>3,764,807</u>	<u>15,109,807</u>

Tax Increment Financing (TIF) Notes Payable

In 2002 through 2004, the City issued Series 2001A tax-exempt TIF notes at 8.5%, 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 (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. The Series 2001B TIF notes were issued in fiscal year 2001 through 2004, at 10%, payable through September 2018.

Authorized But Unissued

At December 31, 2004, the City had \$15,120,000 of tax increment revenue notes authorized but unissued. These tax increment revenue notes will provide funds to finance certain redevelopment project costs relating to a tax increment redevelopment plan for the Page Avenue/I-270 redevelopment area.

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE F - LONG-TERM DEBT (Continued)

At December 31, 2004, the City had an additional \$214,409 of tax increment revenue notes authorized but unissued. These tax increment revenue notes will provide funds to finance certain redevelopment project costs relating to a tax increment redevelopment plan for the South Heights area.

NOTE G - MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

1. Plan Description

The City began participating during 2004 in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Section 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 Internal Revenue Code Section 401a and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

The City's full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 8.4% (general) and 9.1% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

3. Annual Pension Cost

For 2004, the City's annual pension cost of \$553,852 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table pro-

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE G - MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (Continued)

3. Annual Pension Cost (Continued)

jected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2004 was 29 years.

Trend Information

<u>For The Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$553,852	100%	\$ -

Schedule of Funding Progress

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Liability (UAL)</u>
2004	\$220,225	\$451,516	\$231,291

<u>For The Actuarial Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL As A Percentage Of Covered Payroll</u>
2004	49%	\$8,578,958	3%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS' office in Jefferson City.

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE H - OTHER EMPLOYEE BENEFIT PLANS

1. Defined Contribution Plan

Prior to 2004, the City provided a money purchase plan through the International City Management Association - Retirement Corporation (ICMA-RC). This money purchase, defined contribution plan was established pursuant to IRS Code Section 401(a). Full-time employees of the City who had completed six months of service participated in the plan. The City contributed 8.5% of covered wages for employees with less than ten years of service and 9.5% for employees with ten or more years of service. Employees became fully vested in employer contributions after two years of service for management employees and seven years for nonmanagement employees. Partial vesting for nonmanagement employees began after three years of service (20%) and increased (20%) each year until full vesting was realized.

Beginning in 2004 (when the City began membership in LAGERS), regular contributions to the money purchase plan ceased. Pursuant to Ordinance 2004-2013 the City will contribute certain amounts to employees hired before 1992 based on year of hire. Semi-annual contributions ranging from \$500 for employees hired in 1991 to \$2,000 for employees hired in 1985 will be made from 2004 to 2013. Further, any employee who leaves City service prior to 2009 and has attained retirement age will receive a contribution equal to 1.1% of their salary times the number of months of service rendered after 2003. Also, the vesting requirement was changed so that all employees are fully vested after two years of service. During 2004, the City established a Special Revenue Fund to provide for the funding of these benefits through 2013 by transferring \$2.5 million from the General Fund to a nonmajor fund, Employee Supplemental Benefits. This fund contributed \$294,342 to meet plan provisions in 2004.

2. Retiree Health Insurance Plan

During 2004, the City established a retiree health insurance benefit. Pursuant to Ordinance 2004-2521, retirees with twenty years of service will be eligible to maintain the City's group coverage until age 65. The City will pay from 50% to 80% of the cost depending on the employee's age at retirement. In 2004, the City contributed \$2 million and realized \$30,242 in investment income in the OPEB Trust Fund to provide for the future obligations. The initial funding was accounted for as a special item on the basic financial statements. No expenditures were incurred in 2004. No actuarial valuations have been performed. At December 31, 2004 there are no retirees eligible for the benefit.

NOTE I - 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, re-

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE I - DEFERRED COMPENSATION PLAN (Continued)

irement, 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.

NOTE J - 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 this trust 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.

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities or fund balances of the insurance trust. However, the City is contingently liable to fund its pro rata share if any deficit incurred by the trust should the trust 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 K - DEFICIT BALANCES

At December 31, 2004, the Special Revenue - Special Park Fund's accumulated deficit of \$3,719,793 is the result of expenditures which exceeded revenues in 2004. The accumulated deficit will be offset by future revenues received by the fund.

At December 31, 2004, the Special Revenue - TIF District Fund's accumulated fund deficit of \$2,273,629 is the result of community development expenditures made during 1998 and 1999 within the South Heights TIF District, which exceeded municipal tax revenues during 1998 and 1999. The accumulated deficit will be offset by future cash inflows generated by the TIF district.

At December 31, 2004, the Special Revenue - Sewer Lateral Fund's accumulated deficit of \$62,869 is the result of public works expenditures which exceeded municipal tax revenues prior to 2004. The accumulated fund deficit will be offset by future sewer lateral fee revenues received by the fund.

CITY OF MARYLAND HEIGHTS, MISSOURI

Notes to Financial Statements

NOTE L - PRIOR PERIOD ADJUSTMENT

The previously stated net assets have been adjusted as follows:

	<u>Governmental Activities</u>
Net assets, December 31, 2003, as previously reported	\$126,791,904
Capital assets, net accumulated depreciation	<u>232,645</u>
Net Assets, December 31, 2003, As Restated	<u>\$127,024,549</u>

NOTE M - COMMITMENTS AND CONTINGENCIES

The City has entered into various construction contracts. These contracts represent commitments of the City for approximately \$11,182,000 at December 31, 2004.

NOTE N - SUBSEQUENT EVENT

The City has dedicated to St. Louis County Department of Highways and Traffic (the County) the City of Maryland Heights Expressway. This transfer was contemplated at the time the project was initiated. The City of Maryland Heights Expressway was integrated on March 29, 2005, into the County arterial road system and the County will assume on-going maintenance responsibility for the City of Maryland Heights Expressway. The net book value of this asset, including infrastructure, right-of-way, and other components, totaled \$38,272,000.

CITY OF MARYLAND HEIGHTS, MISSOURI

Required Supplemental Information

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

For the year ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Municipal taxes:				
Gaming	\$ 3,500,000	3,650,000	3,770,950	120,950
Utilities gross receipts	3,797,000	3,707,000	3,705,720	(1,280)
Sales	3,200,000	3,200,000	3,282,370	82,370
Cigarette	98,000	98,000	93,831	(4,169)
Gasoline and motor vehicle	1,020,000	1,040,000	1,072,791	32,791
County road refund	880,000	880,000	961,628	81,628
Total municipal taxes	<u>12,495,000</u>	<u>12,575,000</u>	<u>12,887,290</u>	<u>312,290</u>
Licenses, permits, fines, and fees:				
Court fines and fees	1,522,000	1,672,000	1,911,185	239,185
Merchant licenses	600,000	600,000	542,440	(57,560)
Charges for services	390,000	515,000	488,440	(26,560)
Cable TV franchise	190,000	190,000	214,334	24,334
Total licenses, permits, fines, and fees	<u>2,702,000</u>	<u>2,977,000</u>	<u>3,156,399</u>	<u>179,399</u>
Intergovernmental	265,800	265,800	290,232	24,432
Investment income	400,000	500,000	362,219	(137,781)
Miscellaneous	175,200	165,200	222,433	57,233
Total revenues	<u>16,038,000</u>	<u>16,483,000</u>	<u>16,918,573</u>	<u>435,573</u>
EXPENDITURES				
Current:				
Legislative:				
Mayor's office	20,469	20,469	16,701	3,768
City Council	117,262	117,262	114,054	3,208
Total legislative	<u>137,731</u>	<u>137,731</u>	<u>130,755</u>	<u>6,976</u>
General administration:				
City Clerk	169,185	184,385	183,196	1,189
Legal services	219,271	223,421	153,271	70,150
City Administrator's office	327,298	330,798	320,109	10,689
Personnel	147,803	106,103	84,619	21,484
Public relations	224,017	212,017	205,861	6,156
Central services	181,637	158,637	124,254	34,383
Total general administration	<u>1,269,211</u>	<u>1,215,361</u>	<u>1,071,310</u>	<u>144,051</u>
Finance and accounting:				
Finance	435,176	435,176	422,848	12,328
Geographic information services	255,051	255,051	240,478	14,573
Information technology	574,271	574,271	546,650	27,621
Risk management	227,525	227,525	224,005	3,520
Total finance and accounting	<u>1,492,023</u>	<u>1,492,023</u>	<u>1,433,981</u>	<u>58,042</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund (Continued)

For the year ended December 31, 2004

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Community development:				
Community development administration	220,873	220,873	213,513	7,360
Inspections	572,921	572,921	549,860	23,061
Economic development	2,325	2,325	1,633	692
Planning and zoning	301,277	301,277	281,723	19,554
Total community development	<u>1,097,396</u>	<u>1,097,396</u>	<u>1,046,729</u>	<u>50,667</u>
Public works:				
Administrative and engineering	367,104	367,104	342,169	24,935
Roads and bridges	1,424,437	1,493,437	1,373,066	120,371
Trash hauling	750,000	750,000	679,457	70,543
Vehicle and equipment maintenance	270,273	299,273	275,080	24,193
Capital projects management	580,932	580,932	489,278	91,654
Total public works	<u>3,392,746</u>	<u>3,490,746</u>	<u>3,159,050</u>	<u>331,696</u>
Police services:				
Police administration	424,637	404,637	386,618	18,019
Patrol	4,634,946	4,699,346	4,659,188	40,158
Investigations	1,259,644	1,251,644	1,209,588	42,056
Communications	583,436	583,436	564,811	18,625
Community services	597,813	608,413	606,513	1,900
Police records	141,112	141,112	128,100	13,012
Total police services	<u>7,641,588</u>	<u>7,688,588</u>	<u>7,554,818</u>	<u>133,770</u>
Judicial:				
Municipal court	215,288	230,268	219,657	10,611
Probation services	28,733	28,733	21,899	6,834
Total judicial	<u>244,021</u>	<u>259,001</u>	<u>241,556</u>	<u>17,445</u>
Parks and recreation:				
City hall maintenance	203,663	208,663	196,604	12,059
Human services	211,685	221,685	215,406	6,279
Contingency	650,000	650,000	-	650,000
Total expenditures	<u>16,340,064</u>	<u>16,461,194</u>	<u>15,050,209</u>	<u>1,410,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(302,064)</u>	<u>21,806</u>	<u>1,868,364</u>	<u>1,846,558</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,000	580,000	489,724	(90,276)
Advance repayment from other funds	2,163,000	2,850,450	5,477,749	2,627,299
Transfers out	(385,000)	(4,860,000)	(4,821,100)	38,900
Total other financing sources (uses)	<u>2,358,000</u>	<u>(1,429,550)</u>	<u>1,146,373</u>	<u>2,575,923</u>
Net change in fund balance	<u>\$ 2,055,936</u>	<u>(1,407,744)</u>	3,014,737	<u>4,422,481</u>
Fund balance:				
Beginning of year			15,672,048	
End of year			<u>\$ 18,686,785</u>	

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Major Special Revenue Funds

For the year ended December 31, 2004

	Special Park Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
REVENUES				
Municipal taxes	\$ 1,950,000	2,100,000	2,243,421	143,421
Parks and recreation	1,281,000	910,000	915,092	5,092
Intergovernmental	-	106,000	144,262	38,262
Miscellaneous	-	-	5,321	5,321
Total revenues	<u>3,231,000</u>	<u>3,116,000</u>	<u>3,308,096</u>	<u>192,096</u>
EXPENDITURES				
Current:				
Parks and recreation:				
Park administration	215,822	215,822	211,759	4,063
Recreation	544,109	553,309	517,749	35,560
Community Centre	745,566	727,966	707,053	20,913
Sportport	594,050	594,700	594,483	217
Aquaport	413,504	395,717	395,309	408
Park maintenance	594,726	635,798	597,487	38,311
Capital projects:				
Parkwood Ave.	-	10,000	9,483	517
Skate park - Creve Coeur Lake	-	5,250	4,171	1,079
Debt service:				
Principal	1,260,000	1,260,000	1,260,000	-
Interest	300,000	300,000	295,060	4,940
Total expenditures	<u>4,667,777</u>	<u>4,698,562</u>	<u>4,592,554</u>	<u>106,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,436,777)</u>	<u>(1,582,562)</u>	<u>(1,284,458)</u>	<u>298,104</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	380,000	395,000	332,617	(62,383)
Advance from (repayment to) General Fund	1,057,000	1,192,550	951,800	(240,750)
Total other financing sources (uses)	<u>1,437,000</u>	<u>1,587,550</u>	<u>1,284,417</u>	<u>(303,133)</u>
Net change in fund balance	\$ <u>223</u>	<u>4,988</u>	(41)	<u>(5,029)</u>
Fund balance:				
Beginning of year			<u>72</u>	
End of year			\$ <u>31</u>	

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Major Special Revenue Funds

For the year ended December 31, 2004

	Regional Infrastructure			Variance with Final Budget Positive (Negative)
	Original Budget	Revised Budget	Actual	
REVENUES				
Municipal taxes	\$ 3,000,000	3,600,000	3,957,784	357,784
Intergovernmental	-	-	3,425	3,425
Miscellaneous	-	-	1,083,681	1,083,681
Total revenues	<u>3,000,000</u>	<u>3,600,000</u>	<u>5,044,890</u>	<u>1,444,890</u>
EXPENDITURES				
Current:				
Public works projects:				
Dorsett Road/I-270 Interchange	750,000	702,000	8,654	693,346
City of Maryland Heights Expressway	-	58,000	47,826	10,174
City of Maryland Heights Expressway Extension	-	3,000	2,945	55
River Valley Road Connection	-	72,000	72,000	-
Howard Bend Planning Implementation	200,000	125,000	701	124,299
Total expenditures	<u>950,000</u>	<u>960,000</u>	<u>132,126</u>	<u>827,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,050,000</u>	<u>2,640,000</u>	<u>4,912,764</u>	<u>2,272,764</u>
OTHER FINANCING SOURCES (USES)				
Advance from (repayment to) General Fund	(2,050,000)	(2,573,000)	(4,845,000)	(2,272,000)
Transfers out	-	(67,000)	(66,973)	27
Total other financing sources (uses)	<u>(2,050,000)</u>	<u>(2,640,000)</u>	<u>(4,911,973)</u>	<u>(2,271,973)</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	791	<u>791</u>
Fund balance:				
Beginning of year			<u>123</u>	
End of year			\$ <u>914</u>	

CITY OF MARYLAND HEIGHTS, MISSOURI

Required Supplemental Information

Budgetary Data

December 31, 2004

City ordinances require a legally adopted annual budget be prepared for the General Fund, all Special Revenue Funds (except the TIF District and Employee Supplemental Benefits Special Revenue Funds, the 2003 Leasehold Revenue Bonds Debt Service Fund) and the 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 original adopted annual budget is defined as the budgeted appropriation amount at the program level of expenditures within a department 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 \$10,000 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 the Special Revenue Funds (excluding TIF District Special Revenue Fund) and the Capital Projects Fund is defined as the budgeted appropriation amount at the project level within a fund.

Subsequent transfers within the Special Revenue Funds' budget (excluding TIF District Special Revenue Fund) and the Capital Projects Funds' budget may be made as follows:

- With approval of the Finance Director and the City Administrator, department heads may transfer amounts up to \$10,000 between projects with 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

Budgetary Basis of Accounting

December 31, 2004

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

	Governmental Fund Types						
	General	Special Park	Regional Infrastructure	Capital Improvements	Government Center Capital Projects	Nonmajor Special Revenue	Nonmajor Debt Service
Fund balances:							
GAAP basis	\$ 25,967,863	(3,719,793)	15,119	9,887,313	13,764,416	5,542,348	2,718,889
Encumbrances reserved at December 31, 2004	(55,127)	(52,676)	(35,205)	(2,702,982)	(6,742,271)	(1,771,497)	-
Advances (to) from other funds	(7,225,951)	3,772,500	21,000	-	-	64,000	-
Unbudgeted funds	-	-	-	-	-	(41,584)	(1,583,651)
Budget basis	<u>\$ 18,686,785</u>	<u>31</u>	<u>914</u>	<u>7,184,331</u>	<u>7,022,145</u>	<u>3,793,267</u>	<u>1,135,238</u>
Net change in fund balances:							
GAAP basis	\$ (2,610,742)	(1,129,483)	3,507,362	(1,573,212)	901,022	4,598,946	67,644
Encumbrances reserved at:							
December 31, 2003	202,857	230,318	1,373,634	3,872,779	939,222	512,523	-
December 31, 2004	(55,127)	(52,676)	(35,205)	(2,702,982)	(6,742,271)	(1,771,497)	-
Advances (to) from other funds	5,477,749	951,800	(4,845,000)	-	-	(153,000)	-
Unbudgeted funds	-	-	-	-	-	(4,115,846)	(19,365)
Budget basis	<u>\$ 3,014,737</u>	<u>(41)</u>	<u>791</u>	<u>(403,415)</u>	<u>(4,902,027)</u>	<u>(928,874)</u>	<u>48,279</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Other Supplemental Information

Nonmajor Governmental Funds

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.

Street Lighting 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.

Storm Water Fund -- This fund was established in 1997. It accounts for a portion of the revenues derived from a one-half cent sales tax approved by voters in 1996. Expenditures are restricted for storm water activities.

Industrial Development Fund -- This fund is used to account for the activity of the Industrial Development Authority, a not-for-profit corporation established by resolution of the City Council and formed under RSMo Chapter 349, *The Industrial Development Corporations Act*. It is designed to develop, advance, encourage, and promote commercial, industrial, agricultural, and manufacturing facilities in and about the City. The Industrial Development Authority is defined as a blended component unit of the City's financial reporting entity.

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 police training program.

Employee Supplemental Benefits Fund -- This fund was established in 2004 to account for certain supplemental pension benefits to qualified employees.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2004

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$ 8,303,717	13,610	8,317,327
Cash - restricted	-	2,697,785	2,697,785
Receivables:			
Municipal taxes	968,052	-	968,052
Accrued interest	-	16,630	16,630
Total assets	<u>\$ 9,271,769</u>	<u>2,728,025</u>	<u>11,999,794</u>
LIABILITIES			
Accounts payable	\$ 84,777	-	84,777
Accrued payroll	6,200	-	6,200
Deferred revenue	180,830	-	180,830
Due to other fund	25,163	9,136	34,299
Advance from General Fund	3,432,451	-	3,432,451
Total liabilities	<u>3,729,421</u>	<u>9,136</u>	<u>3,738,557</u>
FUND BALANCES			
Reserved for:			
Bond reserve	-	2,637,418	2,637,418
Encumbrances	1,771,497	-	1,771,497
Unreserved:			
Undesignated	<u>3,770,851</u>	<u>81,471</u>	<u>3,852,322</u>
Total fund balances	<u>5,542,348</u>	<u>2,718,889</u>	<u>8,261,237</u>
Total liabilities and fund balances	<u>\$ 9,271,769</u>	<u>2,728,025</u>	<u>11,999,794</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the year ended December 31, 2004

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Municipal taxes	\$ 3,182,164	1,078,450	4,260,614
Intergovernmental	13,580	-	13,580
Investment income	2,710	65,570	68,280
Miscellaneous	145,746	-	145,746
Total revenues	<u>3,344,200</u>	<u>1,144,020</u>	<u>4,488,220</u>
EXPENDITURES			
Current:			
General administration	13,500	-	13,500
Finance	7,000	-	7,000
Community development	839,002	-	839,002
Public works	828,147	-	828,147
Police services	227,686	-	227,686
Judicial	3,000	-	3,000
Parks and recreation	12,055	-	12,055
Human services	5,429	-	5,429
Debt service:			
Principal	-	1,915,000	1,915,000
Interest	572,657	704,919	1,277,576
Capital outlay	784,316	-	784,316
Total expenditures	<u>3,292,792</u>	<u>2,619,919</u>	<u>5,912,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,408</u>	<u>(1,475,899)</u>	<u>(1,424,491)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,500,000	1,555,060	4,055,060
Transfers out	(97,945)	(11,517)	(109,462)
Proceeds of sale of property	1,431,549	-	1,431,549
Proceeds of tax increment financing notes	713,934	-	713,934
Total other financing sources (uses)	<u>4,547,538</u>	<u>1,543,543</u>	<u>6,091,081</u>
Net change in fund balances	4,598,946	67,644	4,666,590
Fund balances:			
Beginning of year	<u>943,402</u>	<u>2,651,245</u>	<u>3,594,647</u>
End of year	<u>\$ 5,542,348</u>	<u>2,718,889</u>	<u>8,261,237</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Balance Sheet
Nonmajor Special Revenue Funds

December 31, 2004

	<u>Street Lighting</u>	<u>Tourism Tax</u>	<u>Police Forfeitures</u>	<u>Storm Water</u>	<u>TIF District</u>	<u>Industrial Development</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Employee Supplemental Benefits</u>	<u>Total</u>
ASSETS										
Cash and investments	\$ 1,239,473	-	173,140	3,965,405	537,580	11,536	6,189	55,181	2,315,213	8,303,717
Receivables:										
Municipal taxes	66,993	29,433	-	267,546	564,801	-	39,279	-	-	968,052
Total assets	<u>\$ 1,306,466</u>	<u>29,433</u>	<u>173,140</u>	<u>4,232,951</u>	<u>1,102,381</u>	<u>11,536</u>	<u>45,468</u>	<u>55,181</u>	<u>2,315,213</u>	<u>9,271,769</u>
LIABILITIES										
Accounts payable	\$ 20,764	-	5,261	36,415	-	-	22,337	-	-	84,777
Accrued payroll	-	-	-	6,200	-	-	-	-	-	6,200
Deferred revenue	62,693	-	-	88,578	7,559	-	22,000	-	-	180,830
Due to other fund	-	25,163	-	-	-	-	-	-	-	25,163
Advance from other fund	-	-	-	-	3,368,451	-	64,000	-	-	3,432,451
Total liabilities	<u>83,457</u>	<u>25,163</u>	<u>5,261</u>	<u>131,193</u>	<u>3,376,010</u>	<u>-</u>	<u>108,337</u>	<u>-</u>	<u>-</u>	<u>3,729,421</u>
FUND BALANCES (DEFICITS)										
Reserved for:										
Encumbrances	32,727	-	1,800	1,736,970	-	-	-	-	-	1,771,497
Unreserved:										
Undesignated	1,190,282	4,270	166,079	2,364,788	(2,273,629)	11,536	(62,869)	55,181	2,315,213	3,770,851
Total fund balances (deficits)	<u>1,223,009</u>	<u>4,270</u>	<u>167,879</u>	<u>4,101,758</u>	<u>(2,273,629)</u>	<u>11,536</u>	<u>(62,869)</u>	<u>55,181</u>	<u>2,315,213</u>	<u>5,542,348</u>
Total liabilities and fund balances \$	<u>1,306,466</u>	<u>29,433</u>	<u>173,140</u>	<u>4,232,951</u>	<u>1,102,381</u>	<u>11,536</u>	<u>45,468</u>	<u>55,181</u>	<u>2,315,213</u>	<u>9,271,769</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the year ended December 31, 2004

	<u>Street Lighting</u>	<u>Tourism Tax</u>	<u>Police Forfeitures</u>	<u>Storm Water</u>	<u>TIF District</u>	<u>Industrial Development</u>	<u>Sewer Lateral</u>	<u>Police Training</u>	<u>Employee Supplemental Benefits</u>	<u>Total</u>
REVENUES										
Municipal taxes	\$ 370,572	124,270	-	1,495,614	943,012	-	248,696	-	-	3,182,164
Intergovernmental	-	-	-	-	-	-	-	13,580	-	13,580
Investment income	-	-	2,413	-	297	-	-	-	-	2,710
Miscellaneous	-	-	36,191	-	-	-	-	-	109,555	145,746
Total revenues	<u>370,572</u>	<u>124,270</u>	<u>38,604</u>	<u>1,495,614</u>	<u>943,309</u>	<u>-</u>	<u>248,696</u>	<u>13,580</u>	<u>109,555</u>	<u>3,344,200</u>
EXPENDITURES										
Current:										
General administration	-	-	-	-	-	-	-	-	13,500	13,500
Finance	-	-	-	-	-	-	-	-	7,000	7,000
Community development	-	120,000	-	-	715,502	-	-	-	3,500	839,002
Public works	246,691	-	-	431,754	-	-	112,702	-	37,000	828,147
Police services	-	-	6,704	-	-	-	-	2,695	218,287	227,686
Judicial	-	-	-	-	-	-	-	-	3,000	3,000
Parks and recreation	-	-	-	-	-	-	-	-	12,055	12,055
Human services	-	-	5,429	-	-	-	-	-	-	5,429
Debt service:										
Interest	-	-	-	-	572,657	-	-	-	-	572,657
Capital outlay	94,889	-	91,398	598,029	-	-	-	-	-	784,316
Total expenditures	<u>341,580</u>	<u>120,000</u>	<u>103,531</u>	<u>1,029,783</u>	<u>1,288,159</u>	<u>-</u>	<u>112,702</u>	<u>2,695</u>	<u>294,342</u>	<u>3,292,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,992</u>	<u>4,270</u>	<u>(64,927)</u>	<u>465,831</u>	<u>(344,850)</u>	<u>-</u>	<u>135,994</u>	<u>10,885</u>	<u>(184,787)</u>	<u>51,408</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	2,500,000	2,500,000
Transfers out	-	-	-	(97,945)	-	-	-	-	-	(97,945)
Proceeds of sale of property	-	-	-	-	1,431,549	-	-	-	-	1,431,549
Proceeds of tax increment financing notes	-	-	-	-	713,934	-	-	-	-	713,934
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,945)</u>	<u>2,145,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>4,547,538</u>
Net change in fund balances (deficits)	28,992	4,270	(64,927)	367,886	1,800,633	-	135,994	10,885	2,315,213	4,598,946
Fund balances (deficits):										
Beginning of year	<u>1,194,017</u>	<u>-</u>	<u>232,806</u>	<u>3,733,872</u>	<u>(4,074,262)</u>	<u>11,536</u>	<u>(198,863)</u>	<u>44,296</u>	<u>-</u>	<u>943,402</u>
End of year	\$ <u>1,223,009</u>	<u>4,270</u>	<u>167,879</u>	<u>4,101,758</u>	<u>(2,273,629)</u>	<u>11,536</u>	<u>(62,869)</u>	<u>55,181</u>	<u>2,315,213</u>	<u>5,542,348</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds

For the year ended December 31, 2004

	Street Lighting			Tourism Tax			Police Forfeitures			Storm Water		
	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES												
Municipal taxes	\$ 379,700	370,572	(9,128)	120,000	124,270	4,270	-	-	-	1,400,000	1,495,614	95,614
Intergovernmental	-	-	-	-	-	-	-	-	-	60,000	-	(60,000)
Investment income	-	-	-	-	-	-	1,000	2,413	1,413	-	-	-
Miscellaneous	-	-	-	-	-	-	7,000	36,191	29,191	-	35,863	35,863
Total revenues	<u>379,700</u>	<u>370,572</u>	<u>(9,128)</u>	<u>120,000</u>	<u>124,270</u>	<u>4,270</u>	<u>8,000</u>	<u>38,604</u>	<u>30,604</u>	<u>1,460,000</u>	<u>1,531,477</u>	<u>71,477</u>
EXPENDITURES												
Current:												
Community development	-	-	-	120,000	120,000	-	-	-	-	-	-	-
Public works	250,000	246,691	3,309	-	-	-	-	-	-	520,544	432,325	88,219
Public works projects:												
Fee Fee Creek & East Tribbs	-	-	-	-	-	-	-	-	-	350,000	282,515	67,485
Bristol Hall/Wilwood/Saturn	-	-	-	-	-	-	-	-	-	120,750	120,702	48
Old Height Area Drainage	-	-	-	-	-	-	-	-	-	610,000	515,345	94,655
Wylwood Ave-West of Smiley Rd	-	-	-	-	-	-	-	-	-	370,000	-	370,000
Shumate/Franke	-	-	-	-	-	-	-	-	-	200,000	-	200,000
Small Stormwater	-	-	-	-	-	-	-	-	-	126,500	126,292	208
Harding/Lansing/Delord	-	-	-	-	-	-	-	-	-	605,000	566,593	38,407
Galaxy/Meteor/Briarhall	-	-	-	-	-	-	-	-	-	400,000	-	400,000
Small Stormwater 2004	-	-	-	-	-	-	-	-	-	275,300	262,689	12,611
Streetlighting	525,500	66,440	459,060	-	-	-	-	-	-	-	-	-
City of Maryland Heights Expressway	100,000	61,176	38,824	-	-	-	-	-	-	-	-	-
Police services	-	-	-	-	-	-	100,000	99,902	98	-	-	-
Human services	-	-	-	-	-	-	20,000	5,429	14,571	-	-	-
Total expenditures	<u>875,500</u>	<u>374,307</u>	<u>501,193</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>105,331</u>	<u>14,669</u>	<u>3,578,094</u>	<u>2,306,461</u>	<u>1,271,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(495,800)</u>	<u>(3,735)</u>	<u>492,065</u>	<u>-</u>	<u>4,270</u>	<u>4,270</u>	<u>(112,000)</u>	<u>(66,727)</u>	<u>45,273</u>	<u>(2,118,094)</u>	<u>(774,984)</u>	<u>1,343,110</u>
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Advance from (refund to) General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(116,000)	(97,945)	18,055
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,000)</u>	<u>(97,945)</u>	<u>18,055</u>
Net change in fund balances	\$ <u>(495,800)</u>	<u>(3,735)</u>	<u>492,065</u>	<u>-</u>	<u>4,270</u>	<u>4,270</u>	<u>(112,000)</u>	<u>(66,727)</u>	<u>45,273</u>	<u>(2,234,094)</u>	<u>(872,929)</u>	<u>1,361,165</u>
Fund balances:												
Beginning of year		<u>1,194,017</u>			<u>-</u>			<u>232,806</u>		<u>3,237,717</u>		
End of year		\$ <u>1,190,282</u>			<u>4,270</u>			<u>166,079</u>		<u>2,364,788</u>		

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Special Revenue Funds (Continued)

For the year ended December 31, 2004

	Industrial Development			Sewer Lateral			Police Training			Total		
	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES												
Municipal taxes	-	-	-	209,000	248,696	39,696	-	-	-	2,108,700	2,239,152	130,452
Intergovernmental	-	-	-	-	-	-	12,000	13,580	1,580	72,000	13,580	(58,420)
Investment income	-	-	-	-	-	-	-	-	-	1,000	2,413	1,413
Miscellaneous	-	-	-	-	12,411	12,411	-	-	-	7,000	84,465	77,465
Total revenues	-	-	-	209,000	261,107	52,107	12,000	13,580	1,580	2,188,700	2,339,610	150,910
EXPENDITURES												
Current:												
Community development	5,000	-	5,000	-	-	-	-	-	-	125,000	120,000	5,000
Public works	-	-	-	130,000	108,745	21,255	-	-	-	900,544	787,761	112,783
Public works projects:												
Fee Fee Creek & East Tribes	-	-	-	-	-	-	-	-	-	350,000	282,515	67,485
Bristol Hall/Wilwood/Saturn	-	-	-	-	-	-	-	-	-	120,750	120,702	48
Old Height Area Drainage	-	-	-	-	-	-	-	-	-	610,000	515,345	94,655
Wylwood Ave-West of Smiley Rd	-	-	-	-	-	-	-	-	-	370,000	-	370,000
Shumate/Franke	-	-	-	-	-	-	-	-	-	200,000	-	200,000
Small Stormwater	-	-	-	-	-	-	-	-	-	126,500	126,292	208
Harding/Lansing/Delord	-	-	-	-	-	-	-	-	-	605,000	566,593	38,407
Galaxy/Meteor/Briarhall	-	-	-	-	-	-	-	-	-	400,000	-	400,000
Small Stormwater 2004	-	-	-	-	-	-	-	-	-	275,300	262,689	12,611
Streetlighting	-	-	-	-	-	-	-	-	-	525,500	66,440	459,060
City of Maryland Heights Expressway	-	-	-	-	-	-	-	-	-	100,000	61,176	38,824
Police services	-	-	-	-	-	-	7,300	2,695	4,605	107,300	102,597	4,703
Human services	-	-	-	-	-	-	-	-	-	20,000	5,429	14,571
Total expenditures	5,000	-	5,000	130,000	108,745	21,255	7,300	2,695	4,605	4,835,894	3,017,539	1,818,355
Excess (deficiency) of revenues over (under) expenditures	(5,000)	-	5,000	79,000	152,362	73,362	4,700	10,885	6,185	(2,647,194)	(677,929)	1,969,265
OTHER FINANCING SOURCES (USES)												
Transfers in	5,000	-	(5,000)	-	-	-	-	-	-	5,000	-	(5,000)
Advance from (refund to) General Fund	-	-	-	(70,000)	(153,000)	(83,000)	-	-	-	(70,000)	(153,000)	(83,000)
Transfers out	-	-	-	-	-	-	-	-	-	(116,000)	(97,945)	18,055
Total other financing sources (uses)	5,000	-	(5,000)	(70,000)	(153,000)	(83,000)	-	-	-	(181,000)	(250,945)	(69,945)
Net change in fund balances	-	-	-	9,000	(638)	(9,638)	4,700	10,885	6,185	(2,828,194)	(928,874)	1,899,320
Fund balances:												
Beginning of year		11,537			1,768			44,296			4,722,141	
End of year		11,537			1,130			55,181			3,793,267	

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Balance Sheet
Nonmajor Debt Service Funds

December 31, 2004

	1997	2003	
	Leasehold	Leasehold	
	Revenue Bonds	Revenue Bonds	Total
ASSETS			
Cash and investments	\$ -	13,610	13,610
Cash - restricted	1,592,787	1,104,998	2,697,785
Receivables:			
Accrued interest	-	16,630	16,630
Total assets	<u>\$ 1,592,787</u>	<u>1,135,238</u>	<u>2,728,025</u>
LIABILITIES			
Due to other fund	<u>\$ 9,136</u>	<u>-</u>	<u>9,136</u>
FUND BALANCES			
Reserved for:			
Bond reserve	1,556,146	1,081,272	2,637,418
Unreserved:			
Undesignated	<u>27,505</u>	<u>53,966</u>	<u>81,471</u>
Total fund balances	<u>1,583,651</u>	<u>1,135,238</u>	<u>2,718,889</u>
Total liabilities and fund balances	<u>\$ 1,592,787</u>	<u>1,135,238</u>	<u>2,728,025</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds

For the year ended December 31, 2004

	1997 Leasehold <u>Revenue Bonds</u>	2003 Leasehold <u>Revenue Bonds</u>	<u>Total</u>
REVENUES			
Municipal taxes	\$ -	1,078,450	1,078,450
Investment income	30,882	34,688	65,570
Total revenues	<u>30,882</u>	<u>1,113,138</u>	<u>1,144,020</u>
EXPENDITURES			
Debt service:			
Principal	1,260,000	655,000	1,915,000
Interest	295,060	409,859	704,919
Total expenditures	<u>1,555,060</u>	<u>1,064,859</u>	<u>2,619,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,524,178)</u>	<u>48,279</u>	<u>(1,475,899)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,555,060	-	1,555,060
Transfers out	(11,517)	-	(11,517)
Total other financing sources (uses)	<u>1,543,543</u>	<u>-</u>	<u>1,543,543</u>
Net change in fund balances	19,365	48,279	67,644
Fund balances:			
Beginning of year	<u>1,564,286</u>	<u>1,086,959</u>	<u>2,651,245</u>
End of year	<u>\$ 1,583,651</u>	<u>1,135,238</u>	<u>2,718,889</u>

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Debt Service Fund

For the year ended December 31, 2004

	<u>2003 Leasehold Revenue Bonds</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Revised Budget</u>	<u>Actual</u>	
REVENUES			
Municipal taxes	\$ 1,080,000	1,078,450	(1,550)
Investment income	-	34,688	34,688
Total revenues	<u>1,080,000</u>	<u>1,113,138</u>	<u>33,138</u>
EXPENDITURES			
Debt service:			
Principal	655,000	655,000	-
Interest	425,000	409,859	(15,141)
Total expenditures	<u>1,080,000</u>	<u>1,064,859</u>	<u>(15,141)</u>
Net change in fund balance	<u>\$ -</u>	48,279	<u>48,279</u>
Fund balance:			
Beginning of year		<u>1,086,959</u>	
End of year		<u>\$ 1,135,238</u>	

CITY OF MARYLAND HEIGHTS, MISSOURI

Other Supplemental Information

Major Governmental Funds - Budgetary Information

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).

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Capital Projects Funds

For the year ended December 31, 2004

	Capital Improvements			Government Center		
	Revised Budget	Actual	Variance with Final Budget Positive (Negative)	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES						
Municipal taxes	\$ 6,170,000	6,650,284	480,284	-	-	-
Intergovernmental	350,000	500,000	150,000	-	-	-
Investment income	-	-	-	100,000	110,712	10,712
Miscellaneous	-	32,165	32,165	-	20,000	20,000
Total revenues	<u>6,520,000</u>	<u>7,182,449</u>	<u>662,449</u>	<u>100,000</u>	<u>130,712</u>	<u>30,712</u>
EXPENDITURES						
Public works projects:						
Midland Ave - Smiley/Eldon	2,791,500	229,367	2,562,133	-	-	-
Annual Slab Replacement	2,100,000	2,099,610	390	-	-	-
Adie Rd Phase I - Schaefer/Ball	130,465	128,529	1,936	-	-	-
Adie Rd Phase II - Ball/Schuetz	1,915,513	1,608,007	307,506	-	-	-
Emergency Generator	4,745	4,745	-	-	-	-
Edgeworth Avenue	350,000	283,013	66,987	-	-	-
Weldon Parkway	2,500	2,500	-	-	-	-
Bennington - CC Mill/Glenpark	72,500	981	71,519	-	-	-
Public Works Maint. Facility Expansion	200,000	85,800	114,200	-	-	-
Street Sweeper	143,500	143,481	19	-	-	-
Government Center	-	-	-	14,500,000	7,532,739	6,967,261
Right-of-way Enhancement Program	100,000	-	100,000	-	-	-
Eldon/Hathaway/Doddridge/Park	350,000	66,299	283,701	-	-	-
Midland Avenue Reconstruction	109,000	108,726	274	-	-	-
Total expenditures	<u>8,269,723</u>	<u>4,761,058</u>	<u>3,508,665</u>	<u>14,500,000</u>	<u>7,532,739</u>	<u>6,967,261</u>
Excess (deficiency) of revenues over expenditures	<u>(1,749,723)</u>	<u>2,421,391</u>	<u>4,171,114</u>	<u>(14,400,000)</u>	<u>(7,402,027)</u>	<u>6,997,973</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	67,000	66,973	(27)	2,500,000	2,500,000	-
Transfers out	(2,964,000)	(2,891,779)	72,221	-	-	-
Total other financing sources (uses)	<u>(2,897,000)</u>	<u>(2,824,806)</u>	<u>72,194</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Net change in fund balances	\$ <u>(4,646,723)</u>	<u>(403,415)</u>	<u>4,243,308</u>	<u>(11,900,000)</u>	<u>(4,902,027)</u>	<u>6,997,973</u>
Fund balances:						
Beginning of year		<u>7,587,746</u>			<u>11,924,172</u>	
End of year		\$ <u>7,184,331</u>			<u>7,022,145</u>	

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

Schedule of Changes in Net Assets
Agency Fund

For the year ended December 31, 2004

	<u>Balance, January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2004</u>
ASSETS				
Cash and investments	\$ 397,901	385,299	359,118	424,082
LIABILITIES				
Accounts payable	-	1,300	-	1,300
Deposits held for others	397,901	383,999	359,118	422,782
Total liabilities	<u>397,901</u>	<u>385,299</u>	<u>359,118</u>	<u>424,082</u>
NET ASSETS	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF MARYLAND HEIGHTS, MISSOURI

Section III - Statistical

SECTION III - STATISTICAL SECTION

CITY OF MARYLAND HEIGHTS, MISSOURI

Government-wide Expenses by Function

Fiscal Year 2004

	<u>Legislative</u>	<u>General Administration</u>	<u>Finance and Accounting</u>	<u>Community Development</u>	<u>Public Works</u>	<u>Police Services</u>	<u>Judicial</u>	<u>Parks and Recreation</u>	<u>Human Services</u>	<u>Interest on Long-Term Debt</u>	<u>Total</u>
2003 \$	131,272	1,159,881	1,435,449	4,991,444	7,023,422	7,208,461	210,105	3,796,326	221,829	1,059,838	27,238,027
2004	130,755	1,116,974	1,475,010	1,891,832	8,932,627	7,865,903	245,429	3,843,452	220,890	1,380,687	27,103,559

Source: Basic Financial Statements

CITY OF MARYLAND HEIGHTS, MISSOURI

Government-wide Revenues by Source

Fiscal Year 2004

	<u>Program Revenues</u>			<u>General Revenues</u>					<u>Total</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Municipal Taxes</u>	<u>Business License Tax and Cable Franchise Fee</u>	<u>Investment Earnings</u>	<u>Miscell- aneous</u>	<u>Gain on Sale of Capital Assets</u>	
2003	\$ 3,650,772	2,006,055	95,776	24,921,614	691,775	729,422	305,096	-	32,400,510
2004	3,776,845	2,046,403	4,496,027	28,032,575	756,774	541,211	293,501	12,760	39,956,096

Source: Basic Financial Statements

CITY OF MARYLAND HEIGHTS, MISSOURI

General Governmental Expenditures by Function¹

Last Ten Fiscal Years

	<u>Legislative</u>	<u>General Administration</u>	<u>Finance and Accounting</u>	<u>Community Development</u>	<u>Public Works</u>	<u>Police Services</u>	<u>Judicial</u>	<u>Parks and Recreation</u>	<u>Industrial Development</u> ²	<u>Debt Service</u> ³	<u>Distributions</u> ³	<u>Human Services</u> ⁴	<u>Capital Outlay</u>	<u>Total</u>
1995 \$	138,143	522,008	451,348	457,847	3,592,964	3,550,138	92,861	353,567	29,266	-	-	-	571,412	9,759,554
1996	104,831	584,264	583,113	612,897	4,979,634	4,020,120	102,780	422,731	770	-	-	-	1,978,825	13,389,965
1997	122,544	951,276	557,644	1,870,817	6,494,613	4,624,637	109,847	882,443	152	199,428	22,933	93,602	2,894,854	18,824,790
1998	120,420	880,857	746,456	3,939,764	4,104,001	4,904,499	117,107	1,064,210	2,719	1,551,640	-	91,649	16,631,912	34,155,234
1999	129,500	933,333	831,494	4,881,726	3,866,030	5,353,595	130,518	2,511,320	-	1,552,561	-	94,226	7,957,980	28,242,284
2000	119,395	1,090,655	1,074,558	997,217	3,227,744	5,624,088	141,701	2,674,974	-	1,555,013	-	92,531	16,080,932	32,678,808
2001	120,349	1,048,267	1,415,297	9,220,032	3,047,806	6,218,246	166,005	3,106,068	-	1,551,943	-	112,560	18,434,962	44,441,535
2002	114,683	1,146,230	1,573,769	3,780,317	3,144,183	6,694,674	191,974	3,080,101	-	1,952,447	-	179,892	20,433,313	42,291,583
2003	131,272	1,137,908	1,374,118	4,970,706	3,160,229	6,984,520	211,044	3,079,728	-	2,373,168	-	221,351	10,965,729	34,609,773
2004	130,755	1,082,408	1,400,955	1,866,034	3,991,879	7,629,945	242,337	3,130,252	-	3,192,576	-	220,835	9,427,035	32,315,011

Notes:

¹Includes General, Special Revenue, Capital Projects, and Expendable Trust Funds.

²The Industrial Development Authority was included as a component unit of the City beginning in 1993.

³The addition of debt service in 1997 was due to the issuance of Revenue Bonds. The addition of distributions is due to the reclassification of the City's deferred compensation plan in 1997.

⁴Human services were separated from finance/accounting in 1997 due to its increasing expenditures.

Source: Basic Financial Statements

CITY OF MARYLAND HEIGHTS, MISSOURI

General Governmental Revenues by Source¹

Last Ten Fiscal Years

	Municipal Taxes					Licenses, Permits, Fines, and Fees	Intergovern- mental	Special Assessments	Contributions ³	Parks and Recreation ⁴	Interest Income	Miscell- aneous	Total
	Gaming ²	Utility Gross Receipts	Sales	Other	Total								
1995	\$ -	3,054,405	2,735,872	1,498,435	7,288,712	1,113,307	423,568	2,225,000	-	-	309,937	490,514	11,851,038
1996	-	3,639,194	5,725,694	2,035,252	11,400,140	1,436,835	997,309	-	-	-	398,075	525,181	14,757,540
1997	8,664,282	3,929,295	7,626,698	2,035,561	22,255,836	1,835,080	343,865	-	695,926	-	876,954	378,082	26,385,743
1998	13,067,428	4,002,668	9,005,500	2,002,407	28,078,003	1,714,616	475,260	-	-	773,518	1,574,220	306,110	32,921,727
1999	15,883,085	4,142,842	7,616,819	1,968,492	29,611,238	2,034,487	380,901	-	-	1,054,386	1,317,301	303,775	34,702,088
2000	17,165,829	4,081,285	8,232,087	2,210,099	31,689,300	2,014,505	1,293,993	-	-	1,307,652	2,199,963	228,695	38,734,108
2001	16,007,410	4,344,927	7,456,339	2,409,636	30,218,312	2,395,785	1,026,950	-	-	1,383,732	1,992,376	474,975	37,492,130
2002	14,719,237	4,063,633	6,640,887	2,726,916	28,150,673	2,865,618	619,962	-	-	1,467,690	1,495,102	254,569	34,853,614
2003	13,300,709	4,082,652	6,500,676	2,839,222	26,723,259	2,809,902	390,322	-	-	1,286,360	729,422	328,444	32,267,709
2004	15,457,468	4,076,292	7,155,504	3,310,129	29,999,393	3,156,399	951,499	-	-	915,092	541,211	367,471	35,931,065

Notes:

¹Includes General, Special Revenue, Capital Projects, and Expendable Trust Funds.

²In 1997, the Riverport Casino Center began operations in the City. In accordance with state law, the City receives a portion of gaming taxes assessed on the Center.

³Contributions are reported in 1997 due to the reclassification of the Deferred Compensation Fund.

⁴In 1998, AquaPort and the Community Centre began operations in the City. The City receives parks and recreation revenue from daily admissions, season passes, classes, etc.

Source: Basic Financial Statements

CITY OF MARYLAND HEIGHTS, MISSOURI

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

	Real Property		Personal Property		Railroad and Utility		Totals	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	\$ 352,418,630	1,417,695,932	131,456,532	398,353,127	18,853,353	58,916,728	502,728,515	1,874,965,787
1996	407,343,750	1,592,347,954	179,669,055	544,451,682	19,570,619	61,158,184	606,583,424	2,197,957,820
1997	455,261,080	1,758,748,178	197,539,648	598,604,994	19,361,538	60,504,806	672,162,266	2,417,857,978
1998	470,349,170	1,808,727,193	237,601,679	720,005,088	15,109,205	47,216,266	723,060,054	2,575,948,546
1999	505,217,770	1,935,495,432	228,284,004	685,537,550	19,657,703	60,464,138	753,159,477	2,681,497,120
2000	517,593,580	1,978,189,473	257,864,079	774,366,604	19,529,870	61,030,844	794,987,529	2,813,586,920
2001	590,576,990	2,262,974,567	240,470,478	722,133,568	9,110,775	28,471,172	840,158,243	3,013,579,306
2002	601,630,510	2,302,482,163	226,416,258	679,928,703	8,520,300	25,898,351	836,567,068	3,008,309,217
2003	632,293,430	2,430,142,519	213,084,127	639,252,381	8,039,826	24,945,390	853,417,383	3,094,340,290
2004	653,202,610	2,522,386,700	199,005,080	597,015,240	8,598,230	26,678,110	860,805,920	3,146,080,050

Notes:

- (1) Assessments are determined by the Assessor of St. Louis County. Property is assessed as of January 1.
- (2) Assessments are based on a percentage of estimated actual values. Real property is classified as residential, agricultural, or commercial. Residential property is assessed at 19%, agricultural is assessed at 12%, and commercial is assessed at 32%. All railroad and utility property is assessed at 32%. All personal property is assessed at 33%.
- (3) The City was incorporated on May 9, 1985. No property tax has been levied by the City since its inception.
- (4) Reassessments take place every odd-numbered year resulting in updated values of property.

Source: St. Louis County Collector

CITY OF MARYLAND HEIGHTS, MISSOURI

Table 6

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)

Last Ten Calendar Years

**Taxes Levied on All Property
in Maryland Heights**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City of Maryland Heights	\$ -	-	-	-	-	-	-	-	-	-
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
St. Louis County	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580
Special School District	0.620	0.630	0.620	0.640	0.620	0.623	0.835	0.849	0.833	0.905
St. Louis Community College	0.240	0.240	0.240	0.240	0.240	0.240	0.230	0.232	0.231	0.237
St. Louis County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.150
Metropolitan St. Louis Sewer District	0.020	0.020	0.020	0.020	0.020	0.020	0.019	0.019	0.019	0.019
Metropolitan Zoological Park and Museum District	0.228	0.232	0.232	0.232	0.227	0.232	0.222	0.222	0.226	0.276
Sheltered Workshop	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
	<u>\$ 1.943</u>	<u>1.957</u>	<u>1.947</u>	<u>1.967</u>	<u>1.942</u>	<u>1.950</u>	<u>2.141</u>	<u>2.157</u>	<u>2.144</u>	<u>2.282</u>
School Districts ¹ :										
Parkway	3.44	3.73	3.64	3.66	3.59	3.60	3.46	3.51	3.45	3.61
Pattonville	3.85	3.86	3.93	3.93	3.79	3.94	3.94	4.05	3.89	4.03
Fire Protection Districts ² :										
Maryland Heights	1.02	1.06	1.06	1.13	1.15	1.15	1.07	1.09	1.07	1.09
Creve Coeur	1.00	1.02	1.01	1.02	1.01	1.01	0.98	1.00	0.95	0.97
Monarch	1.06	1.00	1.03	1.04	1.02	1.02	1.00	0.98	1.05	1.00
Pattonville	1.28	1.27	1.28	1.22	1.22	1.21	1.17	1.45	1.41	1.43

Notes:

¹All property is located in one of the two school districts whose boundaries include part of the City.

²All property is located in one of the four fire protection districts whose boundaries include part of the City.

CITY OF MARYLAND HEIGHTS, MISSOURI

Legal Debt Margin

December 31, 2004

Assessed value of Maryland Heights for 2004	\$ 860,805,920
Limit of bonded indebtedness at 10% of assessed value	86,080,592
Legal debt margin	86,080,592

Bonded indebtedness is limited by Sections 95.115 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF MARYLAND HEIGHTS, MISSOURI

Table 8

Computation of Direct and Overlapping Debt

December 31, 2004

	<u>General Obligation Debt</u>	<u>Percent Applicable to Maryland Heights</u>	<u>Amount Applicable to Maryland Heights</u>
City of Maryland Heights ²	\$ -	100.0 %	\$ -
St. Louis County	107,830,000	4.6	4,926,017
Monarch Fire Protection District ¹	4,300,000	0.5	21,513
Metropolitan St. Louis Sewer District	-	9.5	-
Pattonville Fire Protection District ¹	925,000	26.5	245,391
Pattonville School District ¹	51,260,889	41.7	21,373,578
Parkway School District ¹	110,822,349	9.8	10,877,925
Maryland Heights Fire Protection District ¹	-	93.8	-
Creve Coeur Fire Protection District ¹	-	12.7	-
Total	<u>\$ 275,138,238</u>		<u>\$ 37,444,425</u>

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.

²In 1997, a blended component unit of the City issued revenue bonds for the construction of recreation facilities. These revenue bonds do not represent obligation debt of the City and, therefore, are not included in this table.

Source: The above-named jurisdictions.

CITY OF MARYLAND HEIGHTS, MISSOURI

Building Permits and Construction

Last Ten Calendar Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
New construction:										
Number of permits	57	43	50	103	146	123	106	50	61	29
Value of construction \$	<u>5,163,975</u>	<u>54,095,398</u>	<u>63,462,229</u>	<u>48,873,823</u>	<u>41,861,152</u>	<u>35,768,940</u>	<u>54,176,515</u>	<u>39,175,303</u>	<u>53,321,432</u>	<u>20,437,933</u>
Alterations/additions:										
Number of permits	432	462	361	350	402	429	395	547	512	465
Value of construction \$	<u>13,383,194</u>	<u>15,430,471</u>	<u>28,037,096</u>	<u>17,151,820</u>	<u>20,053,778</u>	<u>22,329,888</u>	<u>29,660,698</u>	<u>32,689,796</u>	<u>25,157,418</u>	<u>42,300,758</u>
Building demolitions:										
Number of permits	<u>6</u>	<u>26</u>	<u>11</u>	<u>30</u>	<u>14</u>	<u>21</u>	<u>27</u>	<u>4</u>	<u>7</u>	<u>12</u>

Source: Building Commissioner of Maryland Heights

Bank Deposits

Last Ten Calendar Years

	<u>Amount</u>
1995	\$ 364,288,143
1996	398,895,517
1997	305,406,160
1998	423,109,739
1999	372,107,729
2000	411,664,416
2001	343,860,322
2002	436,534,745
2003	506,492,200
2004	499,380,356

Note: Represents deposits of the bank facilities located in the City of Maryland Heights.

Source: Bank of America, Cass Bank, Citizens National Bank, Commerce Bank, Commercial Bank of Westport, National City Bank, and United Missouri Bank

CITY OF MARYLAND HEIGHTS, MISSOURI

Population by Age and Sex

2000 Census

<u>Age Group</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>
0-4	1,522	758	764
5-19	4,526	2,312	2,214
20-34	7,195	3,765	3,430
35-49	6,128	3,073	3,055
50-64	3,930	1,830	2,100
65-79	1,925	825	1,100
80+	<u>530</u>	<u>166</u>	<u>364</u>
Total	<u><u>25,756</u></u>	<u><u>12,729</u></u>	<u><u>13,027</u></u>

Source: U.S. Census Bureau.

CITY OF MARYLAND HEIGHTS, MISSOURI

Miscellaneous Demographic Data

Population	1970	17,617
	1980	26,413
	1990	25,440
	2000	25,756
	2004	27,345
Percentage of non-white population	1980	4%
	1990	7%
	2000	15%
Number of households	1970	6,468
	1980	8,689
	1990	10,667
	2000	11,302
Registered voters	2004	14,146
Median household income	2000	\$ 48,689
Per capita income	2000	\$ 24,918
Median value of owner- occupied housing	2000	\$ 107,900

Source: Census Bureau, St. Louis County.

Miscellaneous Statistical Data

December 31, 2004

Date of incorporation as a third-class City	May 9, 1985
Form of Government	Mayor/Council/City Administrator
Area	23.4 square miles
Miles of streets (City maintained)	94.3
Miles of sidewalks (City maintained)	72.9
Number of street lights (City provided) ¹	1,785
Police protection:	
Number of employees:	
Commissioned officers	77
Dispatchers	8
Other full-time	8
Police station	1
Parks and recreation:	
City owned parks/facilities and acreage:	
Aquaport	4.5
Community Centre	9.5
Eise Park	1.6
McKelvey Woods	45
Quiet Hollow	0.3
Sportport	65
Vago Park	18
Total employees, full-time	189
Principal taxpayers ²	Harrah's Casino Gross receipts taxes: AmerenUE Laclede Gas SBC Communications Missouri-American Water

Notes:

¹Effective March 1, 1987, the City assumed the cost of street lights previously paid directly by some taxpayers. Additionally, the City began installing new lights throughout the City.

²The City levies no property tax. Business licenses are computed at two cents (\$.02) per square foot of occupied space (minimum of \$25). The gross receipts tax on utility companies is 5.5%. In addition, the City began receiving gaming taxes in March 1997. Therefore, the City's major taxpayers are the utilities and casinos which operate within the City.

Source: Community Development, Finance Department, Parks and Recreation Department, Public Works Department, U.S. Census Bureau, and Board of Election Commissioners of St. Louis County.

CITY OF MARYLAND HEIGHTS, MISSOURI

Schedule of Insurance in Force

December 31, 2004

<u>Type of Coverage/ Insurance Carrier</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Detail of Coverage</u>	<u>Deductible</u>	<u>Limit</u>	<u>Annual Premium</u>
General, auto and police liability SLAIT	GL0012-04 AL0012-04	07/01/04-07/01/05	General, auto, and police liability coverage in a self-insured pool with other area municipalities	\$500 (\$2,500 for police)	\$2,000,000 per occurrence	\$112,262
Public officials honesty and security bonds	Various	Various	Mayor Director of Finance Notary errors and omissions Notary reliance Blanket employee honesty bond	\$250	\$100,000 \$500,000 \$25,000 \$10,000 - each notary \$100,000	\$300 \$1,050 \$460 \$400 \$1,183
Property package CHUBB	3583-42-24	07/01/04-07/01/05	All property owned by the City and all contents of buildings (see separate earthquake coverage)	\$1,000 (\$2,500 for autos)	Building and contents - \$13,574,826 Computers - \$50,000 IM - \$500,000 Auto - \$3,117,147	\$75,032
Earthquake coverage CHUBB Great American	200116 IMP1623616-02	07/01/04-07/01/05 07/01/04-07/01/05	All property owned by the City and all contents of buildings	5% of insured value after CHUBB limits	\$5,000,000 \$8,239,826	included above \$6,516
Public officials liability	EONNOO573085	07/01/04-07/01/05	Public officials	\$10,000	\$2,000,000	\$28,638
Workers' compensation SLAIT	2004-016	07/01/04-07/01/05	Employer liability		Per Missouri Law	\$238,368

THIS PAGE IS INTENTIONALLY LEFT BLANK