

**NEW ISSUE  
BOOK-ENTRY ONLY**

**Rating: S&P: "AA"**  
**(See "BOND RATING" herein)**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the is exempt from income taxation by the State of Missouri, and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*



**\$9,060,000**  
**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**SPECIAL OBLIGATION**  
**REFUNDING AND IMPROVEMENT BONDS**  
**(THE HEIGHTS RENOVATION/REFINANCING)**  
**SERIES 2018**

**Dated: Date of Delivery**

**Due: December 1, as shown on the inside cover**

The Special Obligation Refunding and Improvement Bonds (The Heights Renovation/Refinancing), Series 2018 (the "**Bonds**") will be issued by the City of Richmond Heights, Missouri for the purpose of providing funds to (1) refund the Refunded Bonds (as defined herein), (2) pay costs of renovating The Heights community center (as described herein) and (3) pay costs of issuing the Bonds.

The Bonds will be issued as fully-registered bonds in the denomination of \$5,000 or integral multiples thereof. Principal of the Bonds will be payable annually on December 1, beginning December 1, 2019. Interest on the Bonds will be paid on each June 1 and December 1, beginning on June 1, 2019, by check or draft mailed by the Paying Agent or by electronic transfer upon written request made as provided herein.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds and the interest thereon will constitute special obligations of the City, payable solely from amounts appropriated in each Fiscal Year (herein defined) (1) out of the income and revenues of the City provided for such Fiscal Year plus (2) any unencumbered balances from previous years. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys of the City to pay the principal of and interest on the Bonds.

The payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. The City is not required or obligated to make any such annual appropriation. No property of the City is pledged or encumbered as security for the payment of the Bonds.

Certain risk factors are associated with the purchase of the Bonds. See "**RISK FACTORS**" herein.

**See inside cover for maturities, principal amounts, interest rates, prices and CUSIP numbers.**

*The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. Certain legal matters related to the Official Statement will be passed upon by Gilmore & Bell, P.C., St. Louis, Missouri. Piper Jaffray & Co. has served as financial advisor to the City on this transaction. It is expected that the Bonds will be available for delivery at The Depository Trust Company in New York, New York, on or about October 22, 2018.*

**Baird**

The date of this Official Statement is September 17, 2018.

**\$9,060,000**  
**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS**  
**(THE HEIGHTS RENOVATION/REFINANCING)**  
**SERIES 2018**

**MATURITY SCHEDULE**  
**Base CUSIP: 764708**

<b><u>Maturity</u></b> <b><u>(December 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b>
2019	\$305,000	5.000%	103.438%	AL7
2020	320,000	5.000	106.268	AM5
2021	335,000	5.000	108.837	AN3
2022	350,000	5.000	111.147	AP8
2023	365,000	3.500	105.998	AQ6
2024	385,000	5.000	114.994	AR4
2025	405,000	5.000	116.540	AS2
2026	420,000	3.000	102.579	AT0
2027	430,000	3.000	101.926	AU7
2028	445,000	3.000	101.279	AV5
2029	460,000	3.000	100.636	AW3
2030	470,000	3.000	100.000	AX1
2031	485,000	3.000	98.927	AY9
2032	500,000	3.125	99.151	AZ6
2033	520,000	3.250	99.406	BA0
2034	535,000	3.250	98.760	BB8
2035	555,000	3.375	99.675	BC6
2036	570,000	3.375	98.993	BD4
2037	590,000	3.500	100.000	BE2
2038	615,000	3.500	99.283	BF9

## **CITY OF RICHMOND HEIGHTS, MISSOURI**

1330 South Big Bend Boulevard  
Richmond Heights, Missouri 63117  
(314) 645-0404

### **ELECTED OFFICIALS**

Jim Thomson, *Mayor*  
Joan Provaznik, *Councilman, District 1*  
Lisa Eppert, *Councilman, District 1*  
Rick Vilcek, *Councilman, District 2*  
Reginald Finney, *Councilman, District 2*  
Megan Moylan, *Councilman, District 3*  
Ashley Metcalf, *Councilman, District 3*  
Danny Hebenstreit, *Councilman, District 4*  
Dan Sebben, *Councilman, District 4*

### **CITY ADMINISTRATION**

Amy Hamilton, *City Manager*  
Pam Hylton, *Assistant City Manager*  
Kenneth J. Heinz, *City Attorney*  
Sara Fox, *Finance Director*  
Patricia S. Villmer, *Deputy City Clerk*

### **FINANCIAL ADVISOR**

Piper Jaffray & Co.  
St. Louis, Missouri

### **BOND COUNSEL**

Gilmore & Bell, P.C.  
St. Louis, Missouri

### **PAYING/ESCROW AGENT**

UMB Bank, N.A.  
St. Louis, Missouri

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAWS. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.**

**No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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**CAUTIONARY STATEMENTS REGARDING FORWARD-  
LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

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Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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## OFFICIAL STATEMENT

**\$9,060,000**

**CITY OF RICHMOND HEIGHTS, MISSOURI  
SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
(THE HEIGHTS RENOVATION/REFINANCING)  
SERIES 2018**

### INTRODUCTION

*This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.*

#### **Purpose of the Official Statement**

The purpose of this Official Statement is to furnish information relating to the City of Richmond Heights, Missouri (the “**City**”) and the City’s Special Obligation Refunding and Improvement Bonds (The Heights Renovation/Refinancing), Series 2018 (the “**Bonds**”), to be issued in the principal amount of \$9,060,000.

#### **The City**

The City is a constitutional charter city and political subdivision of the State of Missouri. It is a suburb of the City of St. Louis, Missouri and is located in St. Louis County, Missouri. The City estimates its current population at 8,369. See “**APPENDIX A – GENERAL AND DEMOGRAPHIC INFORMATION CONCERNING THE CITY**” attached hereto.

#### **The Bonds**

The Bonds are being issued pursuant to an ordinance (the “**Bond Ordinance**”) adopted by the City Council on September 17, 2018, for the purpose of providing funds to (1) refund all of the City’s outstanding Taxable Build America (Direct-Pay) Special Obligation Bonds, Series 2010B, in the principal amount of \$2,770,000 (the “**Refunded Bonds**”), (2) pay the costs of renovating The Heights community center (the “**Project**”) and (3) pay costs of issuing the Bonds. See the captions “**PLAN OF FINANCING**” and “**THE BONDS**” herein.

#### **Security and Source of Payment**

The payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. The City is not required or obligated to make any such appropriation. No property of the City is pledged or encumbered to secure payment of the Bonds.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year (herein defined) (1) out of the income and revenues of the City provided for such Fiscal Year plus (2) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation. The Fiscal Year of the City begins on each July 1 and ends on June 30 (the “**Fiscal Year**”).

The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and

is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds.

### **Financial Statements**

The Comprehensive Annual Financial Report of the City for the fiscal year ended June 30, 2017 is included in *Appendix B* to this Official Statement.

### **Continuing Disclosure**

The City has covenanted in a Continuing Disclosure Agreement between the City and UMB Bank, N.A., as dissemination agent (the **“Continuing Disclosure Agreement”**), attached hereto as **“APPENDIX C – CONTINUING DISCLOSURE AGREEMENT,”** to provide certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events relating to the Bonds. The Continuing Disclosure Agreement was entered into by the City to enhance the efficiency of the administration of the Bonds and to promote timely secondary market disclosure by the City. The financial information, operating data and notice of events will be filed by the City in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the **“Rule”**). See the section herein captioned **“CONTINUING DISCLOSURE.”**

## **PLAN OF FINANCING**

### **Funding Sources**

**The City intends to annually budget and appropriate capital improvement sales tax revenues and park and stormwater sales tax revenues to pay debt service on the Bonds. Such revenues are not pledged as security for the payment of the Bonds, and there can be no assurance that the City will appropriate funds for payment of the Bonds. See the captions “FINANCIAL INFORMATION CONCERNING THE CITY – General Fund Operations” and “– Sales Taxes” in Appendix A to this Official Statement.**

### **The Project**

Approximately \$6,345,000 of the Bond proceeds will be used to pay the costs of renovating The Heights, the City’s 73,000 square foot community center that includes a fitness center, gymnasium, indoor water park, locker rooms, meeting rooms, library and other improvements. The Heights originally opened in 2000 and needs a new roof and new mechanical equipment for the pool; the City has also decided to expand the fitness area. The City has engaged Cannon Design, St. Louis, Missouri, to design the improvements. The City plans to bid the work this winter so that construction can begin in the spring of 2019. The work is expected to take approximately 12 months to complete.

### **The Refunding**

A portion of the proceeds of the Bonds will be used for the purpose of currently refunding the Refunded Bonds. The City will enter into an Escrow Trust Agreement dated as of October 1, 2018 (the **“Escrow Trust Agreement”**), with UMB Bank, N.A., St. Louis, Missouri, as escrow agent (the **“Escrow Agent”**). Pursuant to the Escrow Trust Agreement, the City will transfer a portion of the proceeds of the Bonds to the Escrow Agent for deposit in the Escrow Fund (the **“Escrow Fund”**) established under the Escrow Trust Agreement to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the **“Escrowed Securities”**). The Escrowed Securities will mature in such amounts and at such times as shall be sufficient, together with interest to accrue thereon and any cash deposit to the Escrow Fund, to pay the principal of and redemption premium, if any, on the Refunded Bonds as the same



become due and payable to and including the redemption date. The Refunded Bonds will be redeemed on December 1, 2018.

## Sources and Uses of Funds

The following table summarizes the estimated sources of funds and the expected uses of such funds, in connection with the plan of financing:

### *Sources of Funds:*

Par Amount of the Bonds	\$9,060,000.00
Net Original Issue Premium	<u>242,374.25</u>
Total	<u>\$9,302,374.25</u>

### *Uses of Funds:*

Deposit to Project Fund for Bonds	\$6,345,000.00
Deposit to the Escrow Fund	2,763,881.60
Costs of Issuance (including underwriting discount)	<u>193,492.65</u>
Total	<u>\$9,302,374.25</u>

## THE BONDS

*The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Ordinance for the detailed terms and provisions thereof.*

### General Description

The Bonds are issuable as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Bonds will be dated as of the date of original issuance and will mature on December 1 in the years and in the principal amounts set forth on the inside cover page hereof. Bonds will bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid at the rates per annum set forth on the inside cover page hereof, payable semiannually on each June 1 and December 1, beginning on June 1, 2019. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The principal of the Bonds will be payable at the payment office of UMB Bank, N.A., St. Louis, Missouri (the “**Paying Agent**”) at the maturity date or upon earlier redemption thereof. The interest on the Bonds will be payable (a) by check or draft mailed by the Paying Agent to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day of the month preceding the respective Interest Payment Dates (the “**Record Date**”), as shown on the bond registration books maintained by the Paying Agent, or (b) by wire transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the record date for such interest, containing the electronic transfer instructions to which such registered owner wishes to have such wire directed and an acknowledgment that an electronic transfer fee may be applicable. If the specified date for any payment on the Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments.

## Redemption Provisions

***Optional Redemption.*** At the option of the City, the Bonds or portions thereof maturing on December 1, 2026 and thereafter may be called for redemption and payment prior to maturity on December 1, 2025 and thereafter as a whole or in part at any time at the Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of their Stated Maturities as shall be determined by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine in its discretion.

***Notice and Effect of Call for Redemption.*** Notice of the redemption of Bonds will be mailed by the Paying Agent by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Underwriter (defined herein) and the Owners of the Bonds to be redeemed at their addresses appearing on the Bond Register. The Bonds specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt by any registered owner), then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

So long as a Securities Depository is effecting book-entry transfers of Bonds, the notices specified to be provided by the Paying Agent to the Owners of the Bonds will be provided only to the Securities Depository. It is expected that the Securities Depository will, in turn, notify its Participants and that the Participants, in turn, will notify the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond, to notify the beneficial owner of the Bond so affected will not affect the validity of the redemption of such Bond.

## CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Bonds.

## Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

### **Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System**

The Paying Agent will keep or cause to be kept the Bond Register at its principal payment office or such other office designated by the Paying Agent. Upon surrender of any Bond at the principal payment office of the Paying Agent or such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange Bonds as provided in the Ordinance.

Any Bond may be transferred upon the Bond Register by the person in whose name it is registered and shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. The Owner requesting such transfer or exchange will be required to pay any additional costs or fees that might be incurred in the secondary market with respect to such exchange. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **Source of Payment**

The Bonds are special obligations of the City payable solely from amounts pledged or appropriated therefor in each Fiscal Year out of the income and revenues provided for such Fiscal Year plus any unencumbered balances for previous years. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property to the City to pay the principal of and interest on the Bonds.

In the Bond Ordinance, the City Council will direct the City Manager or any other officer of the City at any time charged with the responsibility of formulating budget proposals, subject to the provisions of the Bond Ordinance, from and after delivery of the Bonds and so long as any of the Bonds are outstanding, (1) to include in each annual budget prepared and presented to the City Council an appropriation of the amount necessary to pay debt service on the Bonds in the next succeeding Fiscal Year, and (2) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure the availability of moneys appropriated to pay such debt service on the Bonds in the next succeeding Fiscal Year.

The payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. The City is not required or obligated to make any such annual appropriation and the decision whether or not to appropriate such funds will be solely within the discretion of the then current City Council. No property of the City is pledged or encumbered as security for payment of the Bonds.

Payment of the principal of and interest on the Bonds may be made, subject to annual appropriation, from any funds of the City legally available for such purpose. The City intends to pay approximately \$350,000-400,000 of the annual debt service from the capital improvement sales tax and the remainder from the park and stormwater sales tax.

**THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR PAYMENT OF THE BONDS.**

**RISK FACTORS**

This section describes certain risk factors affecting the payment of and security for the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

**Limited Obligations**

**The Bonds do not give rise to a general obligation or other indebtedness of the City, the State of Missouri, or any other political subdivision thereof within the meaning of any constitutional, statutory or charter debt limitation or provision.**

**The Bonds are special obligations of the City payable solely from the annual appropriation of funds by the City for that purpose. In each Fiscal Year, payments of principal of and interest on the Bonds shall be made solely from the amounts appropriated therefor (1) out of the income and revenues of the City provided for such year plus (2) any unencumbered balances for previous years, and the decision whether to make such appropriation each year shall be within the sole discretion of the then-current City Council. Subject to the preceding sentence, the obligations of the City to make payments under the Bond Ordinance and to perform and observe any other covenant and agreement contained in the Bond Ordinance shall be absolute and unconditional.**

**If the City fails to appropriate amounts sufficient to pay the principal and interest on the Bonds in any Fiscal Year, no other funds or property will be available to pay such principal and interest. No property of the City is pledged or encumbered to secure payment of the Bonds.**

**No debt service reserve fund has been funded with respect to the Bonds.**

The City has declared its current intention and expectation to appropriate funds to pay the Bonds. However, such a declaration cannot be construed as contractually obligating or otherwise binding the City. Accordingly, the likelihood that the City will appropriate funds to timely pay the Bonds is dependent upon certain factors which are beyond the control of the Owners, including the demographic conditions within the City and the City's ability to generate sufficient revenues, property taxes, user fees and charges, and other sources to pay the Bonds and its other obligations.

The Bonds are not subject to acceleration upon the occurrence of a default under the Bond Ordinance.

**Determination of Taxability**

The Bonds are not subject to redemption, nor are the interest rates on the Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service (the "Service") or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the Owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set

forth in the Bond Ordinance which may constitute a default under the Bond Ordinance. Likewise, the Bond Ordinance does not require the redemption of the Bonds or the adjustment of interest rates on the Bonds if the interest thereon loses its exemption from income taxes imposed by the State of Missouri. ***It may be that Owners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.***

### **Risk of Audit**

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds was commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Loss of Premium from Redemption**

Any person who purchases a Bond at a price in excess of its principal amount or who holds such Bond trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See **“THE BONDS – Redemption Provisions”** herein.

### **Investment Rating and Secondary Market**

The lowering or withdrawal of the investment rating initially assigned to the Bonds could adversely affect the market price for and the marketability of the Bonds. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities decreases as a result of the financial condition or market position of the underwriters, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor’s circumstances, and may require commitment of the investor’s funds for an indefinite period of time, perhaps until maturity.

### **Defeasance**

When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and all other rights granted by the Bond Ordinance shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow

agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance. Any money and Defeasance Obligations that at any time are deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of the Bonds, and such moneys shall be and are irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Bond Ordinance.

“Defeasance Obligations” means any of the following obligations: (a) cash insured at all times by the Federal Deposit Insurance Corporation (or otherwise collateralized with obligations described in (b) or (c) below); or (b) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the same rating category as the United States of America or higher by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the City; or (c) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet certain conditions described in the Bond Ordinance.

#### **No Credit Enhancement**

No financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to ensure payment of the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the City to pay the Bonds. See the section herein captioned **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”**.

#### **Future Economic, Demographic and Market Conditions**

Adverse economic conditions or changes in demographics in the City, including increased unemployment and inability to control expenses in periods of inflation, could adversely impact payment of taxes by taxpayers in the City and, therefore, the City’s financial condition.

### **BOND RATING**

S&P Global Ratings, a division of S&P Global Inc. (the **“Rating Agency”**), has assigned the Bonds a rating of **“AA”** based on the creditworthiness of the City. The rating reflects only the view of the Rating Agency at the time the rating is given, and the Underwriter and the City make no representation as to the appropriateness of such rating. An explanation of the significance of the rating may be obtained from the Rating Agency.

The City has furnished the Rating Agency with certain information and materials relating to the Bonds and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances warrant.

The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of any rating of the Bonds or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Agreement, the City is required to bring to the attention

of the holders of the Bonds any rating changes but has not undertaken any responsibility to disclose any rating revisions proposed by the Rating Agency or to oppose any such proposed revision or withdrawal of the rating of the Bonds. See the caption “**CONTINUING DISCLOSURE**” herein. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Bonds.

## **LEGAL MATTERS**

### **General**

There is not now pending or, to the City’s knowledge, threatened any litigation (a) seeking to restrain or enjoin the delivery of the Bonds, (b) challenging the proceedings or authority under which the Bonds are to be issued, (c) materially affecting the security for the Bonds, (d) challenging or threatening the City’s powers to enter into or carry out the transactions contemplated by the Bond Ordinance and this Official Statement, or (e) that would otherwise materially adversely affect the City’s financial condition or its ability to repay the Bonds.

### **Approval of Legality**

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein. Certain legal matters related to the Official Statement will be passed upon by Bond Counsel.

## **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.



**Bank Qualification.** The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

### **Other Tax Consequences**

**Original Issue Discount.** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

**Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup

withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## CONTINUING DISCLOSURE

The City has covenanted in the Continuing Disclosure Agreement to file certain financial information and operating data relating to the City as described herein. Within 180 days after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2018, the City shall file with the Municipal Securities Rulemaking Board (the "**MSRB**"), through the Electronic Municipal Market Access system ("**EMMA**"), the following financial information and operating data (the "**Annual Report**") (unless the City changes its Fiscal Year, in which case the City shall file the Annual Report within 180 days after the end of the new Fiscal Year):

### Provision of Annual Reports

- (1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with the accounting principles described in the notes to the financial statements included as a part of this Official Statement and audited by independent auditors. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available.
- (2) Updates as of the end of the most recent fiscal year of the financial information and operating data set forth in the tables contained in *Appendix A* to this Official Statement under the following captions: "**FINANCIAL INFORMATION CONCERNING THE CITY**," "**DEBT STRUCTURE OF THE CITY**" (other than information under the caption "**Overlapping Bonded Indebtedness**," and "**PROPERTY TAX INFORMATION**."

### Reporting of Material Events

Pursuant to the Continuing Disclosure Agreement, within 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

- notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the City;
  - (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (14) appointment of a successor or additional trustee or the change of name of the Paying Agent, if material.

If the City has not submitted the Annual Report to the MSRB by the date specified in the Continuing Disclosure Agreement, the City shall file a failure to file notice with the MSRB.

### **Termination of Reporting Obligation**

The City's obligations under the Continuing Disclosure Agreement with respect to the Bonds will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

### **Dissemination Agent**

The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent will not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement.

### **Additional Information**

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information using the means of dissemination set forth in the Continuing Disclosure Agreement, or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required, the City shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

### **Default**

If the City fails to comply with any provision of the Continuing Disclosure Agreement, the Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement will not be deemed an event of default under the Ordinance, and the sole remedy under the Continuing Disclosure Agreement for the City's failure to comply is an action to compel performance.

## **Beneficiaries**

The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

## **Electronic Municipal Market Access System (EMMA)**

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Agreement must be submitted to the MSRB through EMMA. EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at [www.emma.msrb.org](http://www.emma.msrb.org). Nothing contained on EMMA relating to the City or the Bonds is incorporated by reference in this Official Statement.

These covenants have been made in order to assist the Underwriter in complying with the Rule. The Continuing Disclosure Agreement is being entered into by the City to enhance the efficiency of the administration of the City's obligations, including the Bonds, and to promote timely secondary market disclosure by the City.

## **Prior Compliance**

The City believes it has complied during the past five years with its prior undertakings under the Rule, except the City's audited financial statements and operating data for the fiscal year ended June 30, 2013 were filed three days late.

## **MISCELLANEOUS**

### **Financial Statements**

Audited financial statements of the City, as of and for the Fiscal Year ended June 30, 2017, are included in **Appendix B** to this Official Statement. These financial statements have been audited by Hochschild, Bloom & Company LLP, Chesterfield, Missouri.

### **Financial Advisor**

Piper Jaffray & Co., St. Louis, Missouri, has been employed by the City as financial advisor to provide certain professional services in connection with the Bonds. Piper Jaffray & Co. has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

### **Underwriting**

Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "**Underwriter**") has agreed to purchase the Bonds from the City at a price equal to \$9,211,594.35 (which is equal to the par amount of the Bonds, less an underwriting discount of \$90,779.90, plus a net original issue premium of \$242,374.25). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities.

The Underwriter may offer and sell the Bonds to certain dealers, including dealers depositing Bonds into investment trusts and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

### **Certification and Other Matters Regarding Official Statement**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the office of the Underwriter; following delivery of the Bonds, copies of such documents may be examined at the principal payment office of the Paying Agent. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Paying Agent, or the Underwriter and the purchasers or Owners of any Bonds.

The form of this Official Statement, and its distribution and use by the Underwriter, have been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Bond Ordinance.

**CITY OF RICHMOND HEIGHTS, MISSOURI**

By: /s/ Amy Hamilton  
City Manager

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**APPENDIX A**

**GENERAL AND DEMOGRAPHIC INFORMATION  
REGARDING THE CITY**

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## GENERAL AND DEMOGRAPHIC INFORMATION CONCERNING THE CITY

### General Information

The City of Richmond Heights, Missouri (the “City”) is a suburb of the City of St. Louis, Missouri and is located along Interstate Highway 64 in St. Louis County, Missouri (the “County”). The City encompasses approximately three square miles. According to the U.S. Census Bureau as of July 1, 2017 (the latest date for which such information is available), the City’s population was approximately 8,369.

### Government and Organization of the City

The City, incorporated in 1913, is a home rule charter city, and operates under a City Council-Manager form of government.

The governing body of the City is the City Council, which formulates policies for the proper administration of the City. The City Council is comprised of eight council members and the Mayor. Two council members are elected from each of the four wards for staggered four-year terms. The Mayor, elected at large to serve a four-year term, is the presiding officer of the City Council. The current Mayor and City Council members are as follows:

<u>Name</u>	<u>Title</u>	<u>First Elected</u>	<u>Term Expires</u>
Jim Thomson	Mayor	April 2016	April 2020
Joan Provaznik	Council Member	April 2016	April 2020
Lisa Eppert	Council Member	April 2018	April 2022
Rick Vilcek	Council Member	April 2012	April 2020
Reginald Finney	Council Member	April 2014	April 2022
Megan Moylan	Council Member	April 2013 <sup>(1)</sup>	April 2020
Ashley Metcalf	Council Member	April 2018	April 2022
Danny Hebenstreit	Council Member	April 2016	April 2020
Dan Sebben	Council Member	April 2014	April 2022

<sup>(1)</sup> Ms. Moylan was elected in April 2013 to fill a vacancy on the City Council.

The City Manager serves as the chief executive officer of the City and is selected by the Mayor and City Council on the basis of administrative qualifications and experience. Amy Hamilton has served as the City Manager since 2004. Prior to becoming the City Manager, Ms. Hamilton held the position of Assistant City Manager with the City. Ms. Hamilton holds a master’s degree in public administration from Southern Illinois University-Edwardsville.

### Employee Relations

In 2017, the City had 119 full-time employees, which includes 67 police and fire personnel. Benefits provided to full-time employees include: health insurance and life insurance, a retirement plan (see the caption “**Pension and Employee Retirement Plans**” herein), paid vacation and sick leave. In 2007, the Missouri Supreme Court held that public employees have a constitutional right to collectively bargain under Missouri’s Constitution. The Fire Union Local IAFF 2665 currently represents some of the City’s employees. The City has no record of any work stoppages or other labor disputes

## Population

According to the U.S. Bureau of the Census, the population patterns for the City, the County and the State of Missouri have been as follows:

<u>Year</u>	<u>City of Richmond Heights</u>		<u>St. Louis County</u>		<u>State of Missouri</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
2016	8,486	-1.4%	1,000,560	+0.2%	6,059,651	+1.2%
2010	8,603	-10.4	998,954	-1.7	5,988,927	+7.0
2000	9,602	-8.1	1,016,315	+2.3	5,595,211	+9.3
1990	10,448	N/A	993,529	N/A	5,117,073	N/A

Source: Missouri Census Data Center; U.S. Bureau of the Census, Decennial Census; 2012-2016 American Community Survey 5-Year Estimates.

The following table sets forth the population by age categories for the City, the County and the State of Missouri as of 2016 (the latest date for which such information is available):

<u>Age</u>	<u>City of Richmond Heights</u>	<u>St. Louis County</u>	<u>State of Missouri</u>
Under 5	429	58,297	374,010
5-19 years	1,203	191,533	1,182,873
20-24 years	385	63,258	429,391
25-44 years	2,907	243,928	1,531,463
45-64 years	2,322	278,751	1,611,980
65 and over	<u>1,240</u>	<u>164,793</u>	<u>929,934</u>
Total	<u>8,486</u>	<u>1,000,560</u>	<u>6,059,651</u>

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey 5-Year Estimates.

## Risk Management

The City is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and employee injuries and illnesses. The City, along with other professionally managed local governments, participates in the St. Louis Area Insurance Trust (“SLAIT”) for workers’ compensation and general liability matters. The purpose of this trust is to distribute the cost of self-insurance over similar entities. SLAIT requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. As a member of the self-insured pool, the City may become liable for deficits of the pool created if claims should exceed existing reserves. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. For more details see “**Note E – Insurance Programs**” in *Appendix B*.

## Pension and Employee Retirement Plans

The City contributes to two pension and employee retirement plans, the Police and Fire Retirement Fund (“PFRF”) and the Missouri Local Government Employees’ Retirement System (“LAGERS”).

### ***Police and Fire Retirement Fund***

The City maintains the PFRF, a single-employer, defined benefit pension plan. The PFRF is administered by a Board of Trustees, including the City Manager, one member of the Police Department, one member of the Fire Department, one City Council member and three city residents nominated and appointed by the City government. The financial information for PFRF is included as a Trust Fund in the City's comprehensive annual financial report, but it does not issue a separate stand-alone financial report.

PFRF covers all of the City's uniformed public safety employees and provides retirement, disability and death benefits to plan members and beneficiaries. Employees attaining the age of 60 years or who have completed 30 years of service are entitled to annual lifetime benefits equal to 70% of the average base pay of the employee for the three years prior to the employee's date of termination of employment. Benefit provisions of PFRF may be amended by ordinance.

Upon termination of employment, any member eligible to benefits under PFRF (employees are 100% vested after 15 years of service) will receive deferred benefits, payable at the earlier of the attainment of age 60 or completion of 30 years of service, and any member not eligible for any benefits under PFRF is entitled to a refund of his or her contributions plus interest credited at 5% per annum during their years of employment and 0% per annum after their termination.

For information specific to PFRF, including the City's past contributions, net pension liability and related sensitivities, and pension expense, see **"Note I – Pension Plan – Police and Fire Retirement Fund"** in ***Appendix B***.

### ***Missouri Local Government Employees Retirement System***

The City participates in 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 was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("**LAGERS' Board**") consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 (the "**2017 LAGERS CAFR**") is available at <http://www.molagers.org/financial.html>. The link to the 2017 LAGERS CAFR is provided for general background information only, and the information in the 2017 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2017 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the City's participation in LAGERS, including the City's past contributions, net pension liability and related sensitivities, and pension expense, see **"Note I – Pension Plan - LAGERS"** in ***Appendix B***. For additional information regarding LAGERS, see the 2017 LAGERS CAFR.

### ***Other Post-Employment Benefits***

Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension Plans" establishes accounting and financial reporting standards for post-employment benefits other than pensions. As part of a total compensation package, many governments offer post-employment benefit plans other than pensions such as healthcare, life insurance

and so forth. Statement No. 45 establishes standards for the measurement, recognition and display of other post-employment benefit expenses and expenditures and related liabilities and assets, note disclosure, and, if applicable, required supplementary information in the financial reports of state and local government employers.

The City maintains a self-insured benefit plan with SLAIT Health to provide healthcare benefits to eligible employees and their spouses who are retired. Coverage ceases upon eligibility for Medicare at age 65. Retirees must contribute 100% of the retiree healthcare premiums for single/family coverage. This benefit was established by an ordinance of the City, and the City has the authority to amend plan benefits. The City is under no statutory obligation to provide these post-retirement healthcare benefits. The City funds this plan on a pay-as-you-go basis. For information specific to the City's Other Post-Employment Benefits obligations, including the City's past contributions relative to its required contributions, its assumptions as to future healthcare and other costs and its unfunded actuarial accrued liability, see "**Note J – Other Post-Employment Benefits Other than Pensions**" in *Appendix B*.

## FINANCIAL INFORMATION CONCERNING THE CITY

### Accounting, Budgeting and Auditing Procedures

The financial statements of the City have been prepared in conformity with generally accepted accounting principles, as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements into fund types as described in "**Note A – Summary of Significant Accounting Policies**" in *Appendix B*.

**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 and its component units. 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 are 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.

**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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items

are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities associated with operations are reflected in the statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be 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 30 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 compensated absences and claims and judgments, are recorded only when payment is due. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City, also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. With the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the next Fiscal Year. The operating budget includes proposed expenditures and revenue sources. A public hearing is conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a budgetary basis.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards.

## Sources of Revenue

The City finances its general operations through sales taxes, utility taxes, property taxes, license and permit fees and other miscellaneous sources as indicated below for the Fiscal Year ended June 30, 2017:

	<u>Amount</u>	<u>Percent of Total</u>
Sales Taxes	\$ 5,171,930	48.66%
Utility Taxes	1,670,376	15.72
Property Taxes	1,446,182	13.61
Licenses and Permits	1,522,691	14.33
Fines	187,635	1.76
Intergovernmental	370,869	3.49
Investment Income	6,655	0.06
Contract Income	19,331	0.18
Other	<u>232,551</u>	<u>2.19</u>
Total	<u>\$10,628,220</u>	<u>100.00%</u>

Source: City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

## Sales Taxes

**General Sales Tax.** The City's largest source of revenue is its share of a 1% county-wide sales tax on retail sales through a pool comprised of unincorporated St. Louis County and many of the cities throughout St. Louis County. The amount of sales tax distributed is based on a two-part formula providing for either a distribution based upon retail sales that occur within the pre-1984 municipal boundaries or on a per capita basis as a part of a "county-wide pool" of those cities who do not opt to receive sales tax on a point of sale basis. The City receives its sales tax distribution on a per capita basis as part of the county-wide pool. Per capita distribution is adjusted on a decennial basis using the latest census figures and is not adjusted on an interim basis, except in the case of incorporation of new cities or growth by annexation.

In 1993, the voters of the City approved a one-quarter of one percent (0.25%) local option sales tax. The local option sales tax is also shared with the County.

The following table shows the historical collections for City's share of the 1% county-wide sales tax, the 0.25% local option sales tax and the motor vehicle sales tax:

<b>Fiscal Year Ended June 30</b>	<b>Amount Collected</b>	<b>Percent Change</b>
2017	\$5,171,930	+6.68%
2016	4,848,215	+4.62
2015	4,633,982	+2.61
2014	4,516,188	-3.15
2013	4,663,236	N/A

Source: City's Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2013 – 2017.

**Capital Improvement Sales Tax.** The City imposes a one-half of one percent (0.50%) capital improvement sales tax pursuant to a proposition approved by the residents of the City in June 1994. The City may use the proceeds of the tax for capital improvement activities, specifically to maintain City streets, sidewalks, City buildings, large equipment and other capital items. Approximately 15% of the capital improvement sales tax is shared with the County. The City intends to budget approximately \$350,000-400,000 of the capital improvement sales tax to pay debt service on the Bonds; however, such revenues are not legally pledged to the repayment of the Bonds. The following table shows the historical collections for the capital improvement sales tax:

<b>Fiscal Year Ended June 30</b>	<b>Amount Collected</b>	<b>Percent Change</b>
2017	\$2,370,063	+8.88%
2016	2,176,679	+4.71
2015	2,078,692	+1.23
2014	2,053,457	-4.09
2013	2,141,053	N/A

Source: City's Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2013 – 2017.

***Fire and Emergency Medical Services Sales Tax.*** The City imposes a one-quarter of one percent (0.25%) fire and emergency medical services sales tax pursuant to a proposition approved by the voters in April 2003. The City may use the proceeds of the tax for fire services activities. The following table shows the historical collections for the fire and emergency medical sales tax:

<b>Fiscal Year Ended <u>June 30</u></b>	<b><u>Amount Collected</u></b>	<b><u>Percent Change</u></b>
2017	\$1,365,395	+7.28%
2016	1,272,778	+4.56
2015	1,217,223	+1.24
2014	1,202,257	-4.10
2013	1,253,694	N/A

Source: City's Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2013 – 2017.

***Park and Stormwater Sales Tax.*** The City imposes a one-half cent park and stormwater sales tax pursuant to a proposition approved by the voters in August 1997. The park and stormwater sales tax was specifically imposed to expand recreational opportunities in the City and build and operate the Heights, the City's community center; accordingly, the City intends to pay a portion of the debt service on the Bonds from this tax. The following table shows the historical collections for the park and stormwater sales tax:

<b>Fiscal Year Ended <u>June 30</u></b>	<b><u>Amount Collected</u></b>	<b><u>Percent Change</u></b>
2017	\$2,732,928	+7.36%
2016	2,545,567	+4.56
2015	2,434,444	+1.24
2014	2,404,518	+4.10
2013	2,507,426	N/A

Source: City's Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2013 – 2017.

## **General Fund Operations**

In accordance with established accounting procedures of governmental 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 sets forth the revenues, expenditures and fund balances for the City's General Fund for the last three Fiscal Years:

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**GENERAL FUND SUMMARY OF OPERATIONS  
FISCAL YEARS ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>			
Sales Taxes	\$ 5,171,930	\$ 4,848,215	\$ 4,633,982
Utility Taxes	1,670,376	1,707,403	1,745,272
Property Taxes	1,446,182	1,534,037	1,502,637
Licenses and Permits	1,522,691	1,423,913	1,539,468
Fines	187,635	216,922	482,146
Intergovernmental	370,869	376,198	368,999
Investment Income	6,655	13,018	28,443
Contract Income	19,331	20,348	20,204
Other	<u>232,551</u>	<u>224,870</u>	<u>230,288</u>
Total Revenues	<u>\$10,628,220</u>	<u>\$10,364,924</u>	<u>\$10,551,439</u>
<b>EXPENDITURES</b>			
Current			
General Governmental	\$ 3,648,062	\$ 3,433,905	\$ 3,697,292
Public Safety	4,417,032	4,384,100	4,520,687
Public Works	<u>1,528,497</u>	<u>1,399,367</u>	<u>1,519,132</u>
Total Expenditures	<u>\$ 9,593,591</u>	<u>\$ 9,217,372</u>	<u>\$ 9,737,111</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 1,034,629	\$ 1,147,552	\$ 814,328
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	\$ 1,724,202	\$ 0	\$ 0
Transfers In	571,055	253,108	234,919
Transfers Out	<u>(1,924,854)</u>	<u>(1,988,640)</u>	<u>(1,847,064)</u>
Total Other Financing Sources (Uses)	<u>\$ 370,403</u>	<u>\$ (1,735,532)</u>	<u>\$ (1,612,145)</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	\$ 1,405,032	\$ (587,980)	\$ (797,817)
<b>FUND BALANCE -- BEGINNING OF YEAR</b>	\$ 6,496,817	\$ 7,084,797	\$ 7,882,614
<b>FUND BALANCE -- END OF YEAR</b>	<u>\$ 7,901,849</u>	<u>\$ 6,496,817</u>	<u>\$ 7,084,797</u>

Source: City's Comprehensive Annual Financial Reports for the Fiscal Years ended June 30, 2015, 2016 and 2017.



## DEBT STRUCTURE OF THE CITY

### General Obligation Indebtedness; Debt Limitation

**Debt Summary.** The following table summarizes certain financial information concerning the City as of August 1, 2018. This information should be reviewed in conjunction with the information contained in this section and the financial statements of the City in *Appendix B* hereto.

Population (2017 estimate) <sup>(1)</sup> :	8,369
Assessed Valuation (2018) <sup>(2)</sup> :	\$361,295,885
Estimated Actual Value (2018) <sup>(3)</sup> :	\$1,552,857,374
Outstanding Direct General Obligation Debt <sup>(4)</sup> :	\$1,830,000
Overlapping General Obligation Debt <sup>(5)</sup> :	\$24,430,784
Per Capita Direct General Obligation Debt:	\$219
Per Capita Direct and Overlapping General Obligation Debt:	\$3,138
Ratio of Direct General Obligation Debt to Assessed Valuation:	0.51%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation:	7.27%
Ratio of Direct General Obligation Debt to Estimated Actual Valuation:	0.12%
Ratio of Overlapping General Obligation Debt to Estimated Actual Valuation:	1.69%

(1) See “GENERAL INFORMATION CONCERNING THE CITY – Population.”

(2) For further details, see “PROPERTY TAX INFORMATION - Property Valuations.”

(3) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see “PROPERTY TAX INFORMATION - Property Valuations.”

(4) Includes the NID Bonds. For further details, see “DEBT STRUCTURE OF THE CITY – Neighborhood Improvement District Bond Indebtedness.”

(5) See “DEBT STRUCTURE OF THE CITY – General Obligation Indebtedness; Debt Limitation – Overlapping Bonded Indebtedness.”

**Computation of Legal Debt Margin.** Under Article VI, Section 26 of the Missouri Constitution, the issuance of general obligation bonds requires the approval of four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections, and two-thirds (2/3) of the qualified voters voting at all other elections. The Missouri Constitution provides that the amount of bonds payable from 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 systems. The City’s debt limit of \$72,259,177 was calculated as follows:

Net Assessed Value (01/01/2018)	\$361,295,885
Debt Limit - 20% of Assessed Value	72,259,177
Total Amount of Debt Applicable to Debt Limit <sup>(1)</sup>	<u>1,830,000</u>
Legal Debt Margin	<u>\$70,429,177</u>

(1) The table includes the NID Bonds. The NID Act and the constitutional provision authorizing neighborhood improvement districts expressly provide a debt limitation of 10% of the issuer’s then-current assessed valuation. The court in *Spradlin v. City of Fulton*, 924 S.W.2d 259 (Mo. 1996) raised, but did not answer, the question of whether the NID Act and constitutional authorization established a debt limit independent of other general obligation debt limitations. Accordingly, at this time, NID Bonds and notes are computed as part of the general debt limitation.

**General Obligation Bonds Payable.** The City has no general obligation bonds outstanding.

**Overlapping Bonded Indebtedness.** The following table sets forth the approximate overlapping indebtedness of political subdivisions with boundaries overlapping the City as of August 1, 2018 and the percentage attributable (on the basis of assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy

or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

<u><b>Taxing Jurisdiction</b></u>	<u><b>Outstanding General Obligation Indebtedness</b></u>	<u><b>Approximate Percent Applicable to City</b></u>	<u><b>Amount Applicable to City</b></u>
St. Louis County	\$ 92,215,000	1.44%	\$ 1,327,896
Brentwood School District	15,293,333	3.02	461,859
Clayton School District	73,522,000	10.81	7,947,728
Ladue School District	134,210,000	2.34	3,140,514
Maplewood-Richmond Heights School District	<u>33,730,766</u>	34.25	<u>11,552,787</u>
Total	<u>\$348,971,099</u>		<u>\$24,430,784</u>

Source: Taxing jurisdictions' records and Municipal Securities Rulemaking Board (EMMA) and the City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

### **Neighborhood Improvement District Bond Indebtedness**

In March 2012, the City issued \$2,570,000 General Obligation Neighborhood Improvement District Refunding Bonds (Manhasset Village Neighborhood Improvement District), Series 2012 (the "**NID Bonds**"). The proceeds of the NID bonds were used by the City for the Manhasset Village Neighborhood Improvement District and to retire the Series 2006 NID Bonds. The NID Bonds and interest thereon are payable from special assessments against real property benefitted by the construction of the project financed with the NID Bonds. If the special assessments are insufficient to pay debt service on the NID Bonds, the City has pledged its full faith and credit (but not its taxing power) to the payment of the NID Bonds. The debt service requirements of the NID Bonds are as follows:

<u><b>Fiscal Year Ending June 30</b></u>	<u><b>Debt Service Requirements</b></u>
2019	\$ 259,988
2020	259,138
2021	263,138
2022	261,838
2023-2027	1,116,650

### **Tax Abatement and Tax Increment Financing**

Under Missouri law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Urban Redevelopment Corporations Law authorizes 25-year tax abatement pursuant to Chapter 353, Revised Statutes of Missouri, as amended. The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, Revised Statutes of Missouri, as amended, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a "blighted area," "conservation area," or "economic development area," each as defined in such Act.

Neither tax abatement nor tax increment financing diminishes the amount of property tax revenues currently collected by the City in an affected area, but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of future increases (in whole or in part, depending on the terms of the transaction) in ad valorem property tax revenues that otherwise would have resulted from increases in assessed

valuation in such areas until the tax increment financing obligations issued are repaid or the tax abatement period terminates.

The City has undertaken several economic development projects utilizing tax abatement and tax increment financing; each transaction provided tax incentives for the respective companies to locate to or expand their operations within the City, as follows:

(1) In 2003, the City approved a redevelopment plan for the “Brentwood Boulevard/Clayton Road Redevelopment Area” and negotiated a development agreement with Mullenix Richmond Heights Redevelopment Service Corporation in connection with the construction of a 158-room Homewood Suites hotel and the possible construction of a second hotel at the intersection of Brentwood Boulevard and Clayton Road. The development agreement authorized 100% abatement for 10 years and 50% abatement for 15 years for each hotel, with a maximum incentive of \$6.5 million. The Homewood Suites was completed in 2015; the developer is expected to begin construction of the second hotel in 2019.

(2) In 2005, the City issued Tax Increment and Transportation Sales Tax Refunding and Improvement Revenue Bonds in the principal amount of \$19,000,000, to provide partial tax abatement to PACE-CDB, L.L.C., in connection with the redevelopment of approximately 122,000 square feet of leasable retail and commercial space, known as the “Francis Place Redevelopment Project.” The bonds are payable solely from payments in lieu of taxes and a portion of the sales tax revenues generated within the redevelopment project area.

(3) In 2013, the City approved a redevelopment plan for the “Hadley Township Redevelopment Area (Sub-Area A)” and negotiated a redevelopment agreement with Menard, Inc. in connection with the construction of a 215,000 square-foot home improvement store. The redevelopment plan authorizes up to \$15,000,000 in tax increment financing for the project. The City’s obligations relating to the redevelopment area will be payable solely from payments in lieu of taxes and sales tax revenues generated from the redevelopment area, and not from any other funds of the City.

(4) In 2014, the City approved a redevelopment plan for the “Manhasset Village Redevelopment Area” and negotiated a development agreement with D&K Real Estate Service Corporation in connection with the construction of multi-family residential buildings on a site formerly occupied by deteriorated and outdated apartment buildings. The development agreement authorized 70% property tax abatement for 10 years for each of the four phases of the development, with a maximum incentive of \$4 million. Phase I consisted of 281 luxury apartments and Phase II consisted of 40 luxury villa homes; those phases were complete in 2017. Phases III and IV will each consist of another 240 luxury apartments.

(5) In 2016, the City approved a redevelopment plan for “The Boulevard South Redevelopment Plan” and negotiated a development agreement with P&M Holdings, LLC in connection with the construction of a mixed-use building consisting of approximately 187 apartments, street level retail space and structured parking. Under the development agreement, the owner of the property will pay taxes and payments-in-lieu-of-taxes for the first 10 years following completion of the project in the amount of \$297,396, but not to exceed the total amount of real property taxes that would be due but for the tax abatement program. The developer of the project, CE Realty, LLC, has advised the City that construction of the project is expected to begin this fall.

(6) In 2017, the City approved a redevelopment plan for the “Boland Place Redevelopment Area” and negotiated a redevelopment agreement with P&M Holdings LLC in connection with the construction of at least 200,000 square feet of residential and commercial space with an 860-space parking garage. The redevelopment plan authorizes tax abatement for the project. P&M Holdings LLC

has advised the City that construction of the project will begin in in the fall of 2018 and is expected to be complete in 2020.

### Special Obligation Bonds

In June 2010, the City issued \$1,230,000 Special Obligation Bonds, Series 2010A (the “**Series 2010A Bonds**”) and \$2,770,000 Special Obligation Bonds, Series 2010B (the “**Refunded Bonds**” and, together with the Series 2010A Bonds, the “**2010 Bonds**”). The 2010 Bonds were issued for the purpose of paying the costs of (a) the expansion of City Hall and Public Safety campus parking lot; (b) the design and construction of a sally port for prisoner processing; (c) the acquisition of (i) citywide data processing equipment, software and materials; (ii) machinery and equipment, (iii) office furniture and equipment and (iv) motorized vehicles; (d) building structure improvements for various City facilities; (e) public street reconstruction; (f) public sidewalk and apron reconstruction; (g) Laclede Station Road bridge replacement; and (h) the potential acquisition of land for park purposes, each including related design and improvements. Each Fiscal Year the City appropriates income and revenues to pay debt service on the 2010 Bonds. The Series 2010A Bonds are currently outstanding in the principal amount of \$175,000. After the issuance of the Bonds, the Refunded Bonds will no longer be outstanding.

### Other Long-Term Obligations

The City has entered into an equipment lease agreement for the acquisition of energy efficient HVAC equipment. The future minimum lease payments are as follows:

<b>Fiscal Year</b>	
<b>Ending</b>	
<b>June 30</b>	<b>Payment</b>
2019	\$184,633
2020	184,633
2021	184,633
2022	184,633
2023-2027	923,165

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Source: City’s Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

### Debt Service Requirements

The City intends to pay approximately 75% of the debt service on the Bonds with the capital improvement sales tax revenues and approximately 25% with the park and stormwater sales tax revenues. Those revenues are not pledged as security for the payment of the Bonds and there can be no assurance that the City will appropriate the funds for payment of the Bonds. See the caption “**FINANCIAL INFORMATION CONCERNING THE CITY –Sales Taxes**” herein for information regarding those revenues.

The following schedule shows the yearly debt service payments required for all outstanding annual appropriation obligations of the City (consisting of the Series 2010A Bonds) and the Bonds.

<b>Fiscal Year Ended June 30</b>	<b>Outstanding Annual Appropriation Obligations<sup>(1)</sup></b>	<b>The Bonds</b>			<b>Total Debt Service Requirements</b>
		<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2019	\$179,375.00	--	\$ 200,221.51	\$ 200,221.51	\$ 379,596.51
2020	--	\$ 305,000.00	321,506.26	626,506.26	626,506.26
2021	--	320,000.00	305,881.26	625,881.26	625,881.26
2022	--	335,000.00	289,506.26	624,506.26	624,506.26
2023	--	350,000.00	272,381.26	622,381.26	622,381.26
2024	--	365,000.00	257,243.76	622,243.76	622,243.76
2025	--	385,000.00	241,231.26	626,231.26	626,231.26
2026	--	405,000.00	221,481.26	626,481.26	626,481.26
2027	--	420,000.00	205,056.26	625,056.26	625,056.26
2028	--	430,000.00	192,306.26	622,306.26	622,306.26
2029	--	445,000.00	179,181.26	624,181.26	624,181.26
2030	--	460,000.00	165,606.26	625,606.26	625,606.26
2031	--	470,000.00	151,656.26	621,656.26	621,656.26
2032	--	485,000.00	137,331.26	622,331.26	622,331.26
2033	--	500,000.00	122,243.76	622,243.76	622,243.76
2034	--	520,000.00	105,981.26	625,981.26	625,981.26
2035	--	535,000.00	88,837.51	623,837.51	623,837.51
2036	--	555,000.00	70,778.13	625,778.13	625,778.13
2037	--	570,000.00	51,793.75	621,793.75	621,793.75
2038	--	590,000.00	31,850.00	621,850.00	621,850.00
2039	--	615,000.00	10,762.50	625,762.50	625,762.50
Totals	<u>\$179,375.00</u>	<u>\$9,060,000.00</u>	<u>\$3,622,837.30</u>	<u>\$12,682,837.30</u>	<u>\$12,862,212.30</u>

(1) Excludes the Refunded Bonds.

Source: City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

### History of Debt Payment

The City has never defaulted on any indebtedness of the City and has never failed to appropriate funds for the payment of annually appropriated obligations.

### Future Debt Plans

The City has no present intention to issue additional debt or enter into additional long-term lease obligations.

## PROPERTY TAX INFORMATION

### Property Valuations

**Assessment Procedure.** All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property .....	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property .....	32%

On January 1 of every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the County Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

**Current Assessed Valuations.** The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City according to the certified assessment for January 1, 2018:

<u>Category</u>	<u>2018 Assessment</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real estate:			
Residential	\$200,097,280	19%	\$1,053,143,579
Commercial <sup>(1)</sup>	126,193,410	32	394,354,406
Agricultural	0	12	0
State Assessed Railroad and Utility	<u>2,749,657</u>	32	<u>8,592,678</u>
Sub-Total	\$329,040,347		\$1,456,090,663
Personal property			
Regular <sup>(1)</sup>	\$ 31,759,400	33-1/3 <sup>(2)</sup>	\$ 95,278,295
State Assessed Railroad and Utility	<u>496,138</u>	33-1/3 <sup>(2)</sup>	<u>1,488,415</u>
Sub-Total	\$ 32,255,538		\$ 96,766,710
<b>TOTAL</b>	<u><b>\$361,295,885</b></u>		<u><b>\$1,552,857,374</b></u>

<sup>(1)</sup> Includes assessed valuation for Locally Assessed Railroad & Utilities.

<sup>(2)</sup> Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See the caption **"PROPERTY TAX INFORMATION - Property Valuations - Assessment Procedure"** herein.

Source: St. Louis County Department of Revenue.

**History of Property Valuations.** The total assessed valuation of all taxable tangible property situated in the City including state and locally assessed railroad and utility assessments, according to the assessments January 1 in each of the following years, as finally adjusted and equalized, has been as follows:

<u>Calendar Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2017	\$355,694,490	+8.53%
2016	327,748,165	+0.26
2015	326,901,874	+2.65
2014	318,476,585	-0.14
2013	318,911,733	N/A

Source: St. Louis County Department of Revenue.

### **Major Property Taxpayers**

The following table sets forth the ten largest combined real estate and personal property taxpayers in the City based upon their 2017 assessed valuations:

<u>Top Ten Taxpayers</u>	<u>Product/Service</u>	<u>2017 Assessed Value</u>	<u>% of Total Assessed Value</u>
Saint Louis Galleria LLC	Shopping Center	\$41,587,920	11.69%
CE Boulevard	Shopping Center	12,697,190	3.57
Menard Inc	Retail	10,532,680	2.96
MV One LLC	Apartments	6,471,720	1.82
PPM/University Tower	Office Building	5,720,920	1.61
Rich-Clay LLC	Masonry materials	5,615,410	1.58
BRE Newton Hotels Property Owner LLC	Hotel	4,390,620	1.23
SM Properties 2000 Richmond LLC	Grocery Retail	3,798,020	1.07
LHRET St Louis the LLC	Real Estate	3,431,260	0.96
May Center Associates Corporation	Retail	<u>2,957,760</u>	<u>0.83%</u>
Total		<u>\$97,203,500</u>	<u>27.32%</u>

Source: St. Louis County Department of Revenue.

### **Property Tax Levies and Collections**

Property taxes are levied and collected for the City by the County Collector. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the

County Collector by that time. The County remits all City taxes collected to the City in the month following collection. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

### History of Tax Levies

The following table shows the City's tax levies (per \$100 of assessed valuation) for the preceding five calendar years:

<u>Calendar Year</u>	<u>General Fund</u>	<u>Pension Fund</u>	<u>Library</u>	<u>Total Levy</u>
2017	\$0.286	\$0.314	--	\$0.600
2016	0.287	0.315	--	0.602
2015	0.290	0.320	--	0.610
2014	0.290	0.320	--	0.610
2013	0.290	0.317	\$0.177	0.781

Source: City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

### Tax Collection Record

The information in the following table sets forth the City's total property tax levies and tax collections for the last four Fiscal Years and total taxes of each levy that have been collected as of June 30. The total tax levy includes general, pension and library levy.

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Taxes Collected/ (Refunded)</u>	<u>Total Taxes Collected</u>	<u>Total Taxes Collected as a Percent of Total Levy</u>
2017	\$1,991,054	\$1,804,392	\$(91,846)	\$1,712,546	86.01%
2016	1,988,931	1,780,852	74,020	1,854,872	93.26
2015	1,960,537	1,812,679	30,443	1,843,122	94.01
2014	1,944,186	1,822,587	25,921	1,848,508	95.08
2013	2,676,406	2,490,245	(21,779)	2,468,466	92.23

Source: City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017.

## ECONOMIC INFORMATION CONCERNING THE CITY

### Municipal Services and Utilities

The City provides a full range of municipal services for its citizens, which include public safety, streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

The City's sewerage system is maintained by The Metropolitan St. Louis Sewer District, natural gas service is provided by Spire and electrical service is provided by Ameren. Water service is provided to residents of the City by Missouri American Water Company.



## **Transportation and Communication Facilities**

The City is located near the center of the St. Louis metropolitan area, west of the City of St. Louis and south of the City of Clayton. Interstates 64 (U.S. Route 40) and 170 run through the City, and there is easy access to I-44.

The City is located approximately 12 miles from of St. Louis Lambert International Airport. The Bi-State Development Agency, d/b/a Metro, provides bus services to the residents of the City. MetroLink light-rail system traverses the City and provides transportation to many areas in the St. Louis region.

Telecommunications services are provided by numerous telecommunications providers. The residents are able to receive broadcast signals from all St. Louis radio and television stations. Local newspapers include the *St. Louis Post-Dispatch* and the *St. Louis American*. Residents receive cable and internet from Charter Communications and AT&T and satellite television services from Dish Network or DirectTV. Telecommunication services are provided by AT&T, as well as other telecommunication and wireless providers.

## **Educational Institutions and Facilities**

Primary and secondary education in the City are provided by four public school districts: Brentwood School District, Clayton School District, Ladue School District and the Maplewood-Richmond Heights School District, all of which are accredited by the Missouri Department of Elementary and Secondary Education (“DESE”). “Accredited” is the highest accreditation status given by DESE. There are also several private and parochial schools within the surrounding area.

The City residents have easy access to the St. Louis metropolitan area’s many colleges and universities, including the University of Missouri-St. Louis, Washington University, Fontbonne University, Maryville University, St. Louis University, Webster University and various other colleges and technical schools.

## **Medical and Health Facilities**

St. Mary’s Hospital – St. Louis, a level 1 Time Critical Diagnosis STEMI Center, is located within the City. St. Mary’s Hospital is a member of SSM Health. Approximately 50 hospitals serve the St. Louis Metropolitan Area, including the Washington University Medical Center at Barnes-Jewish Hospital and St. Louis University Hospital, as well as numerous doctors’ offices, nursing facilities and other healthcare providers.

## **Recreation and Culture**

The City has three parks and recreational facilities within its boundaries, and its residents have access to many other area parks. These complexes have a variety of activities, including picnic areas, barbeque grills, playground equipment, basketball courts, tennis courts and soccer/baseball/softball fields. The Heights is a community center with an indoor swimming pool, a gymnasium, a library and a fitness facility located within the City.

Residents of the City can also take advantage of the many cultural and recreational activities found in the City of St. Louis, such as the St. Louis Symphony Orchestra, the Missouri Botanical Garden, the St. Louis Zoo and professional baseball and hockey.

## Employment Information

Listed below are the major employers located within the City and the approximate number of employees employed by each:

<u>Name</u>	<u>Product or Service</u>	<u>Employment</u>
1. SSM Health Care	Health Care	2,262
2. Centene Corporation	Health Insurance	400
3. Macy's	Retail	324
4. City of Richmond Heights	City Government	299
5. Nordstrom Inc.	Retail	255
6. Cheesecake Factory	Restaurant	185
7. Dillard's Inc.	Retail	182
8. Menards	Retail	160
9. Schnucks Markets	Grocery Retail	159
10. Apple Inc.	Technology Retail	120

Source: City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017

## Employment By Occupation

<u>Occupation</u>	<u>City of Richmond Heights</u>		<u>St. Louis County</u>	
	<u>Employed</u>	<u>Percent</u>	<u>Employed</u>	<u>Percent</u>
Management, business, science and arts occupations	3,186	63.0%	217,013	43.8%
Service occupations	496	9.8	78,527	15.9
Sales and office occupations	1,044	20.6	128,469	26.0
Natural resources, construction, and maintenance occupations	121	2.4	25,859	5.2
Production, transportation and material moving occupations	212	4.2	44,938	9.1

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey 5-year estimates.

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## Employment By Industry

<u>City of Richmond Heights</u>		
<u>Industry</u>	<u>Employed</u>	<u>Percent</u>
Agriculture, forestry, fishing and hunting and mining	86	1.7%
Construction	69	1.4
Manufacturing	449	8.9
Wholesale trade	104	2.1
Retail trade	383	7.6
Transportation and warehousing, and utilities	100	2.0
Information	199	3.9
Finance, insurance, real estate, and rental and leasing	612	12.1
Professional, scientific, management, administrative, and waste management services	810	16.0
Educational, health and social services	1,672	33.0
Arts, entertainment, recreation, accommodation and food services	340	6.7
Other services (except public administration)	134	2.6
Public administration	101	2.0

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey 5-year estimates.

**Unemployment.** The following table sets forth estimates of the total labor force, number of employed and unemployed workers in the City and, for comparative purposes, the unemployment rates for the City, the County, the State of Missouri and the United States for the years 2014 through 2018:

<u>City of Richmond Heights</u>				<u>Unemployment Rates</u>			
<u>Labor Force</u>							
<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Total</u>	<u>City of Richmond Heights</u>	<u>St. Louis County</u>	<u>State of Missouri</u>	<u>United States</u>
2018 <sup>(1)</sup>	5,338	78	5,416	1.4%	3.1%	3.5%	4.2%
2017	5,278	86	5,364	1.6	3.4	3.8	4.4
2016	5,281	108	5,389	2.0	4.2	4.6	4.9
2015	5,269	118	5,387	2.2	4.6	5.0	5.3
2014	5,161	148	5,309	2.8	5.8	6.1	6.2

<sup>(1)</sup> Figures for the City and the County are preliminary and for the month of May, not an annualized calculation. Figures for the State of Missouri and the United States are preliminary and for the month of June, not an annualized calculation.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Income

**Income Statistics.** The following table presents certain income statistics from the American Community Survey for the City, the County, State of Missouri and the United States of America:

	<u>Per Capita Income</u>	<u>Median Family Income</u>
City of Richmond Heights	\$53,021	\$113,063
St. Louis County	36,518	79,904
State of Missouri	27,044	62,285
United States	29,829	67,871

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey 5-year estimates.

The following table presents per capita personal income <sup>(1)</sup> for the County and the State of Missouri for the years 2012 through 2016, the latest date for which such information is available:

<u>Year</u>	<u>St. Louis County Per Capita Income</u>	<u>State of Missouri Per Capita Income</u>
2016	\$62,777	\$42,926
2015	61,809	42,381
2014	60,317	41,122
2013	57,570	39,854
2012	60,457	39,851

<sup>(1)</sup> "Per Capita Personal Income" is the annual total personal income of residents divided by the resident population as of March 1. "Personal Income" is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. "Net Earnings" is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## Housing

The following table below sets forth information from the American Community Survey regarding the median (owner-occupied) house values for the City, the County and the State of Missouri:

	<u>Median House Value</u>
City of Richmond Heights	237,600
St. Louis County	176,000
State of Missouri	141,200

Source: U.S. Bureau of the Census, 2012-2016 American Community Survey 5-year estimates.

## Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City in the past five Fiscal Years. These numbers reflect permits issued either for new construction or for major renovation.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Residential</i>					
Number of Permits	218	184	172	237	187
Estimated Cost	\$12,118,068	\$8,265,614	\$4,544,059	\$5,841,141	\$4,519,746
<i>Non-Residential</i>					
Number of Permits	170	225	149	158	133
Estimated Cost	\$30,908,141	\$25,884,669	\$84,695,744	\$14,305,453	\$8,548,233

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Source: The City.

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**APPENDIX B**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR  
FISCAL YEAR ENDED JUNE 30, 2017**

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CITY OF RICHMOND HEIGHTS,  
MISSOURI

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017



# **CITY OF RICHMOND HEIGHTS, MISSOURI**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2017**

Prepared by:  
Finance Department  
Sara J. Fox, Finance Director

# CITY OF RICHMOND HEIGHTS, MISSOURI

## FINANCIAL REPORT

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# CITY OF RICHMOND HEIGHTS, MISSOURI

## FINANCIAL REPORT

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**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**INTRODUCTORY**

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**SECTION I**  
**INTRODUCTORY SECTION**

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December 21, 2017

To the Honorable Mayor and Members of the City Council,  
The Citizens of the City of Richmond Heights,  
And other interested organizations:

We are pleased to present the City of Richmond Heights, Missouri's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. The report is designed to fairly present the financial position and results of financial operations of the City in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. This report makes every effort towards full disclosure so that the City's financial affairs are understood.

#### Managements Responsibility

The information presented in the financial statements is the responsibility of the City's management. The report has been prepared by the Finance Department who believes that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

#### Reporting Standards and Formats

The Finance Department has prepared this report in accordance with the following standards:

- U.S. generally accepted accounting principles, which are uniform minimum standards and guidelines for financial accounting and reporting in the United States.
- Governmental accounting and financial reporting statements, interpretations and technical bulletins issued by the Governmental Accounting Standards Board (GASB).
- Other financial standards that are issued by state and local statutes

The City implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB Statement No. 34, labeled by GASB as the "most significant change in the history of government financial reporting," mandates that governments provide additional information about their fiscal health including information about the status of public infrastructure. The City has fulfilled this standard by using existing accounting data, professional resources, and staff time. The MD&A section provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A follows the independent auditors' report.

#### **THE CITY**

The City, located immediately west of the City of St. Louis, is an integral component of St. Louis' inner-ring suburbs. Two major interstates, I-64 and I-170, intersect within the municipal boundaries along with four major County arterial roads. The metropolitan area's light-rail system also runs through the City. Located immediately

north of the City is the City of Clayton, which is the County seat and significant job center. The proximity of the City to Clayton, the City of St. Louis, and major transportation routes has created an economically diverse and vibrant community.

The City was incorporated in 1913 with an initial population of approximately 500 citizens. Additional City annexations occurred over the next 20 years that established the boundaries currently in place. Population increased as the City's boundaries grew with recorded estimates of 2,135 residents in 1920, and rising to the highest point recorded in 1960 of 15,622. Since then the population has steadily diminished due to impacts from highway expansion, commercial expansion, county migration, and changes in family demographics. The 2010 US Census reports the City's population at 8,603.

The City was originally developed as a bedroom community, focusing on the development of local housing. While many of those neighborhoods exist today, significant commercial development occurred along the major interstate routes constructed in the 1950's and 1960's. Specifically, the City is home to the Saint Louis Galleria, a 1.2 million square foot regional shopping mall. This significant development has attracted further commercial development to the immediate area. The City's location makes it an attractive area for commercial development, as well as a location to find very attractive and well-maintained housing stock that has retained its character.

The City is a home-rule charter community. Over time, the City's government structure has changed in response to a growing and active community. Recognizing the need for a professional, good government operation, the City adopted the Council-Manager form of government in 1987. The governing body of the City is the City Council, which formulates policies for the proper administration of the City. The City Council is comprised of a Mayor, elected at-large to a four-year term, and eight council members that are elected to alternating four-year terms. Two council members are elected from each of the four districts. The City Council appoints the City Manager, who serves as the City's chief executive officer and is responsible for carrying out the policies established by City Council.

The City provides a comprehensive range of quality municipal services including zoning, planning, public safety, administration of justice, community development, economic development, recreation, forestry, roadway maintenance/improvement, building inspection, and general administration. The City makes every effort to constantly improve such services and to find new opportunities for service.

## **FINANCIAL REPORTING ENTITY**

The City's services are provided through four (4) governmental divisions - General Government, Public Safety, Parks and Recreation, and Public Works. In each division, functions are divided into departments, each of which is responsible for providing specialized services to the City's citizens. Overall fiscal coordination of these services, as well as all City activities and finances, rests with the Finance Department, which is within the General Government division.

As designated in the financial notes to the comprehensive report, the financial statements include all of the entities for which the City has financial accountability. This includes the Police and Firemen's Pension Trust Fund and the Capital Projects Fund. Also, included in this report is the Memorial Library Fund and the Hadley Township South (Menard's) Community Improvement District (CID). These Funds, which are legally separate funds from the City's fund groups, have been presented discretely as component units of the City. Information for these funds is included because the governing bodies are appointed and removed (with cause) by the City Council. It should be noted that other taxing entities within the geographical boundaries of the City have not been included because they have not met the established criteria for inclusion in this report. A few of these overlapping districts are Maplewood-Richmond Heights, Clayton, Brentwood and Ladue School Districts, Metropolitan St. Louis Sewer District, and Bi-State Metro Transit Authority.



In order to effectively and efficiently operate departments each year, the City prepares and approves an annual budget to meet its financial requirements as required by state statutes and city charter. The City Council approves this budget by Ordinance. The budget is created and adopted on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations that were not lawfully encumbered lapse at fiscal year end.

## **LOCAL ECONOMY**

The City continues to operate under a healthy cash balance within each fund. However, the City pays close attention to the regional economic cycles and continues to be receptive to appropriate economic and community development, which provide additional financial stability.

The City is a major regional retail center due to the Saint Louis Galleria shopping mall. A healthy retail economy since the 1990s has provided strong sales tax receipts. This healthy economy allowed the City to establish reserve balances in the General Fund to three months of total yearly expenditures. This occurred despite the fact that the General Fund was reduced by approximately \$350,000 in 1998 when the City rolled back the property tax rate by \$0.18 per \$100 of assessed valuation. During the 2000's the City further increased its reserve balance beyond six months of total yearly expenditures to further insulate municipal services from the fluctuations of the local and national economy.

The City is committed to maintaining a conservative approach to budgeting. The City has remained a vital, attractive location in which to live, work and shop. The City enjoyed more than \$42.3 million in new construction during this fiscal year.

## **MAJOR INITIATIVES**

Strong fiscal management remains a trademark of the City's government and has enabled the City to provide a high level of services without a direct financial impact to its residents. The following efforts by the City highlight the City's endeavor to maintain quality fiscal activities:

- Hadley Township Redevelopment Area: Over the past twenty-five plus years, the Hadley Township neighborhood received considerable interest from speculators and developers. In 2003, the City utilized an outside consultant to examine the Hadley Township neighborhood and assist the City in establishing a vision for the future of the area. These discussions led to an RFP in 2003 that sought in-fill single-family residential housing for the area bound by Hanley Road, Interstate 64, Dale Avenue, Laclede Station Road, and West Bruno Avenue. Based on market responses to the RFP and feedback from neighborhood residents, the City had to further refine its vision for the area into a more defined, comprehensive RFP released in 2005. Multiple developers responded and the City selected Michelson Commercial Realty and Development to redevelop the Area, but Michelson pulled out in 2009. In 2009 the City issued another comprehensive RFP and one party responded, Gateway Real Estate Partners (GRE), later renamed United Plaza, LLC. United Plaza was unable to move forward. The City then owned several parcels of land and continued toward redevelopment within the Hadley Township Redevelopment Area. The accumulation of the City-owned property and nearby land use pressures provided cause for the City to reevaluate. The City modified its vision for the area, reduced the size of the area and sought new development proposals for the modified area in 2012. Menard, Inc. was approved for \$15 million Tax Increment Financing (TIF) in 2013 for a \$63 million project for what is named the Hadley Township South Redevelopment Area bordered by Elinor Avenue, Berkley Avenue, West Bruno Avenue, and Hanley Road. In December 2013 Menard, Inc. purchased all of the properties and began redevelopment. Menard Inc. built and opened a 215,000 square-foot, two-story home improvement store south of Elinor Avenue on Hanley Road within the Hadley Township Redevelopment Area. Included in this project are: purchase and consolidation of 100 properties within the Redevelopment Area, demolition and construction of all new public utilities and roadways, construction of the Menard Store, construction of two multi-retail out lots and construction of a

new City public works complex. The City began collection on the authorized \$15 million in Tax Increment Financing (TIF) and community improvement district (CID) funds to aid in financing this redevelopment project.

- Hanley Road Redevelopment: Within the Hadley Township Redevelopment Area, the City experienced independent, non-TIF assisted redevelopment within Sub-Area B. The vacant properties located at 1500 and 1530 S. Hanley Road were demolished and separately redeveloped using cooperative planning and cross-easement access to enhance egress-ingress for traffic within the new commercial developments and to improve ingress/egress for the residential neighborhood directly behind this block of Hanley Road. The redesigned signalized intersection of Elinor Avenue and Hanley Road greatly improved traffic to more safely access the county arterial. The QuickTrip fuel & store and adjacent 14,000 square foot retail center opened in 2014. The City is collecting incremental revenues from this area to reimburse the City for City costs associated with land acquisition within the Hadley Township Redevelopment Sub-Area B. Once the City recoups its costs, this redevelopment area will likely be retired.
- Francis Place Redevelopment Area: The Francis Place Redevelopment Project Area one, also known as The Boulevard-St. Louis opened in the 2005 fiscal year. This project solidified Brentwood Boulevard as a major regional retail destination. Tax Increment and Transportation Sales Tax Refunding and Improvement Revenue Bonds (Series 2005) for \$19 million were issued to support this development. In 2016, the City amended Francis Place Redevelopment Area to remove Phases II and III, and approved The Boulevard South Redevelopment Plan, which restarts the TIF Clock on what was previously Phase II. The developer/owner, Pace Properties sold The Boulevard-St. Louis in December 2016 to a joint venture, CE Realty, LLC. CE Realty plans to move forward with The Boulevard South Redevelopment and begin construction in 2018. The developer will build at least 200,000 square feet of residential and commercial space with 860-spaces parking garage and realignment of Antler Drive. A TDD and/or CID will be established. The City authorized up to \$18,681,000 in tax increment financing and \$4,371,000 in TDD/CID.
- EVO, previously Manhasset Village: Manhasset Village, a 353-unit apartment complex originally built in the 1930s, began a complete redevelopment in 2005. In April 2005 the City issued \$2.76 million in Bond Anticipation Notes for the Manhasset Village Neighborhood Improvement District (NID) Project. This note was retired in October 2006 with proceeds from the sale of a Bond issue that will be paid off by the owner. In 2012, the City refinanced the 2006 Bond due to the favorable loan rate market, saving over \$225,000. In 2014 the City approved the full conceptual site plan and final plan approval for Phase I, 281 luxury apartments which began construction in 2015. The City also approved 70% tax abatement, maximum cap of \$4 million total, for the entire site. Phase II includes 40 luxury villa homes, Phase III envisions 240 luxury apartments and Phase IV another 240 luxury apartments; all of which will be built as the market absorbs the new construction. Phases I and II were completed in 2017.
- Stonecrest at Clayton View: Town and Country Apartments were purchased and demolished by the Missouri Department of Transportation in 2006 to make way for the newly designed Interstate 170/Interstate 64 interchange. In 2016, MoDOT sold the remaining land to W.B. Properties Olive LLC; placing the property back on the tax rolls. The 80-unit assisted living facility, called Stonecrest at Clayton View, was completed and opened for occupancy in 2017. There is no public assistance related to this project.
- 1107 East Linden: Brith Shalom Kneseth Israel Synagogue merged with another congregation and moved to the University City location. The new congregation, Kol Rinah, sold the property to Pulte Homes of St. Louis, LLC. The site is currently under construction of 42 for sale townhomes. There is no public assistance related to this project.

- Allegro Senior Living: This year, Allegro began construction of an 85+ living facility at 1055 Bellevue, just across the street from SSM St. Mary's Hospital and Medical Office buildings. It will be completed in 2018. This property had been a vacant multi-family housing complex in a very active, mixed residential/commercial area of the Richmond Heights community. This redevelopment is a wonderful transitional land use between the single-family neighborhood to the east and the medical facilities to the northwest.
- Brentwood/Clayton Road: Another area that was recognized for redevelopment years ago, was the southeast corner of Brentwood Boulevard and Clayton Road. In 2002-2003, the City issued a RFP to obtain a high-quality mixed-use development for this area and approved redevelopment with Mullenix-Richmond Heights Redevelopment Corporation to build a hotel. That project, named The Fountains, has now evolved to include two hotels in the development. At the encouragement of the City, Mullenix worked with the adjacent property owners to expand the project into a larger partnership redevelopment which includes a standalone four to six-story shared parking garage. The Hilton Homewood Suites opened in June 2009. Plans for the second, select-service luxury hotel are in final development and should begin in 2018.
- The Crossing at Richmond Heights - The City sold 4.5 acres of vacant property located at the intersection of Hanley Rd., Dale Ave., just south of Interstate 64 in 2016 to St. Louis developer, Summit Development Group. Summit also purchased approx. 1.5 acres from MoDOT adjacent to the City's property in order to redevelop a combined 6 acre site that had previously been tax-exempt, government-owned vacant ground. Construction has begun on a new commercial development featuring a Courtyard by Marriott hotel, approximately 25,000 square feet of retail, and two 7,000 square feet dine-in restaurants scheduled to open in the spring and summer of 2018. The City approved the creation of a Community Improvement District to assist in financing up to \$5.5 million in public infrastructure improvements and a \$1.5 million municipal sales tax rebate to assist in financing underground utility relocations and Dale Avenue Streetscape enhancements.
- The Residences at Boland Place -P&M Holdings, LLC acquired four tax-exempt, nonprofit-owned parcels of land at the northwest corner of Boland Ave. and Dale Ave. Demolition of the vacant A.B. Green School and church properties was completed in 2017. Construction of a 185-unit luxury apartment complex with 3,000 square feet of retail on the first floor facing Dale Avenue will begin in early 2018. In 2017, the City authorized tax abatement for this project if taxes due surpass \$297,396. If so, the property will be abated and the owner will pay a PILOT of \$297,396 for the first 10 years. After the first 10 years, the abatement will end and the owner will pay full taxes due.
- Employees: The City's most valuable resource is its employees. It is important that employees are recognized as such, including provision of fair and appropriate compensation and benefits. Our conservative approach to a fluctuating economy has allowed us to remain comprehensive and competitive in the compensation and benefits offered to employees. In 2016-2017, the City completed a comprehensive analysis of compensation and benefits. Due to the outcomes of this analysis, the City adjusted its pay scale slightly beginning in July of 2017 to remain highly competitive with the regional employment market.
- Cooperative Efforts: The City began cooperative efforts with other area municipalities in 2002, resulting in numerous initiatives. In 2003 the City of Maplewood and the City consolidated pool operations. THE HEIGHTS staff operates both the City's Natatorium and the outdoor Maplewood Family Aquatic Center (MFAC). This allows for savings by purchasing supplies in bulk and a reduction in staffing needs. Profits from the MFAC are shared with the City of Maplewood. In 2005/2006, the cities of Clayton, Maplewood and Richmond Heights continued to establish opportunities to cooperate on providing services or purchasing equipment/services. The cities of Clayton, Maplewood, Shrewsbury, Webster Groves,

Olivette, and the City consolidated dispatch services. In 2014 the cities of Brentwood and Rock Hill joined our consolidated dispatch organization, known as East-Central Dispatch Center (ECDC). This unique effort provides cost savings for all eight cities, and vastly improved emergency dispatching technology and efficiency. In 2013 the City's fire department and 14 other central St. Louis County departments worked hard to combine Standard Operating Procedures/Guidelines (SOGs) for highly effective mutual aid and constituent service. In 2017, the City also began exploring cooperative fire command services with the neighboring cities of Brentwood, Clayton, Maplewood, and Rock Hill.

## **FINANCIAL CONDITION**

The City's financial position continues to be sound as demonstrated by the financial statements and schedules included in this report. Within the context of a fiscally prudent budget, the City has continued to provide quality services and has achieved many of its program goals. The City's cash and investment position were at appropriate levels throughout the year.

Maintaining existing programs and services, competitive salaries/benefits for high-quality well-skilled public employees, and addressing expanded public service program requests of citizenry will continue to challenge the City. While the City's infrastructure is in proper condition, there is a constant need to allocate funds to maintain and update aging infrastructure. The City's administration continues to look for new revenue sources and ways of reducing overall expenditures through efficiencies, new technologies and partnerships.

Recognizing the need to protect the City's long-term financial position, development efforts have focused on obtaining quality, upscale land redevelopment such as the Saint Louis Galleria, The Boulevard Saint Louis, and the Hadley Township Redevelopment. Public economic tools are sometimes utilized in particular projects when prudent and for the well-being of the public.

Sales tax revenues continue to be the greatest source of revenue for the City. Approximately 49% of all revenues received were in the form of sales tax. Since sales tax is a volatile revenue source due to fluctuations in the economy, the City must rely on the City Council's efforts to adopt appropriate annual budgets. The City is dedicated to maintaining strong reserve balances for each Fund in order to protect the City against economic fluctuations. These healthy reserves allow the City to ensure existing service levels to its residents.

The following financial policies provide the necessary guidance to maintain a strong financial position:

### Internal Controls

The City Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide 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 requires estimates and judgments by management.

### Operating Budgets

The guiding principle of budgetary policy is to achieve a structural balance between revenues and expenditures to ensure that the desired service levels be provided on a sustained basis.

The City will fund current operating expenditures with current operating revenues plus any unencumbered or undesignated balance from the previous fiscal year or less any deficit estimated for the beginning of the fiscal

year, as is allowed by the City's Charter. A balanced budget will be adopted for each Fund. Excess operating revenues beyond the amount required for a reserve balance will be set aside for one-time capital improvement expenditures or other specific projects.

### Fund Balances

At a minimum, the fund balances for the General Fund, Capital Improvement Fund, and Parks & Stormwater Fund shall not be less than 90 working days or 25% of projected annual expenditures within each Fund. It shall be the overall goal for each Fund to achieve a fund balance equal to 120 working days or 33% of projected annual expenditures. This policy has ensured the City's financial health during regional economic downturns.

### Capital Budget

A five-year Equipment Reserves Plan will be updated annually and adopted as part of the budget process. The City will fund the Plan annually through appropriate funding allocation based on the expected replacement cost and equipment life expectancy. Purchasing of items may be delayed based on conditions and projected revenue estimates in the Capital Improvement Fund. Large capital purchases, such as road repair or construction of new buildings, shall be funded in conjunction with the regular Capital Improvement Fund operating budget.

In an effort to reduce the cost of capital expenditures, Federal, State and other intergovernmental and private funding sources shall be applied for and used as available. A concerted effort in applying for matching grants is strongly encouraged.

### Debt Service

The City will limit long-term debt to only those capital improvements that cannot be financed from current revenues. The City has made efforts to improve its bond rating and in 2012 the rating increased from AA- to AA+ (Standard & Poors). This rating has remained stable.

### Insurance Management

The City, a charter-member of the St. Louis Area Insurance Trust (SLAIT), consists of 24 cities whose goal is to reduce insurance claim costs. Through implementation of policies established by the Board of Directors, the loss experience of these participating cities has been excellent. The City continues to actively participate in the development of guidelines and policies within this Trust.

In July 2009 the City and 11 other cities joined together to form the SLAIT Health Insurance program. Today, this self-funded healthcare pool provides full medical coverage for 17 cities, over 2,000 combined employees and continues to grow as more SLAIT cities look to join.

### Debt Management

At year-end the City had six debt issues outstanding. These issues include the Tax Increment and Transportation Sales Tax Refunding and Improvement Revenue Bonds Series 2005 for the Francis Place Redevelopment Project Area (RPA) One totaled \$9,780,000. The Manhasset Village Neighborhood Improvement District (NID) Project Bonds – Series 2012 totaled \$2,020,000. Certificate of Participation (COP) – Series 2009 totaled \$250,000. The COP Series 2009 debt paid off August 2018. In June 2010 the City issued Special Obligation Bonds and Build America Bonds; at year-end the Special Obligation Bonds Series 2010A totaled \$345,000 and the Build America Bonds Series 2010B totaled \$2,770,000. In April 2012 the City entered into an equipment lease. The proceeds were used to fund energy efficient HVAC and lighting upgrades in the City Hall, The Heights, and Public Safety buildings. This lease totaled \$1,566,950 at year-end.

## OTHER INFORMATION

### Independent Audit

The City Charter requires that an independent audit of all books of City accounts be conducted at least annually. Such audits are to be made by a certified public accountant or firm. This requirement has been complied with and the auditor's opinion has been included with this report.

### Awards

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 CAFR for the fiscal year ended June 30, 2016. This is the 27th consecutive year the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report 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 that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

The challenges of maintaining a strong fund balance with the City's various goals, projects and outside influences must be met by a sound financial picture. The City's Council and Management will continue to maintain current services and explore ways to improve or expand those services without a significant expense to City residents. Furthermore, funds will be coordinated in a manner that will reduce debt, expand investments, and efficiently provide municipal services.

We wish to acknowledge the contribution of the Finance Department staff: Assistant Director Molly LaMear and Accounting Clerks Tamara Skonseng and Gina Lister. Through their efforts, the City has been able to properly respond to economic cycles, monitor new revenue sources, track costs relating to the City's operations and capital projects, address issues regarding large certificates of obligations, and perform daily functions in regard to the City's finances. Thank you for your efforts and dedication to professional fiscal management.

We would also like to thank our auditors Hochschild, Bloom & Company LLP for their help in preparing this report.

Respectfully submitted,



Amy C. Hamilton, ICMA-CM  
City Manager



Sara J. Fox  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

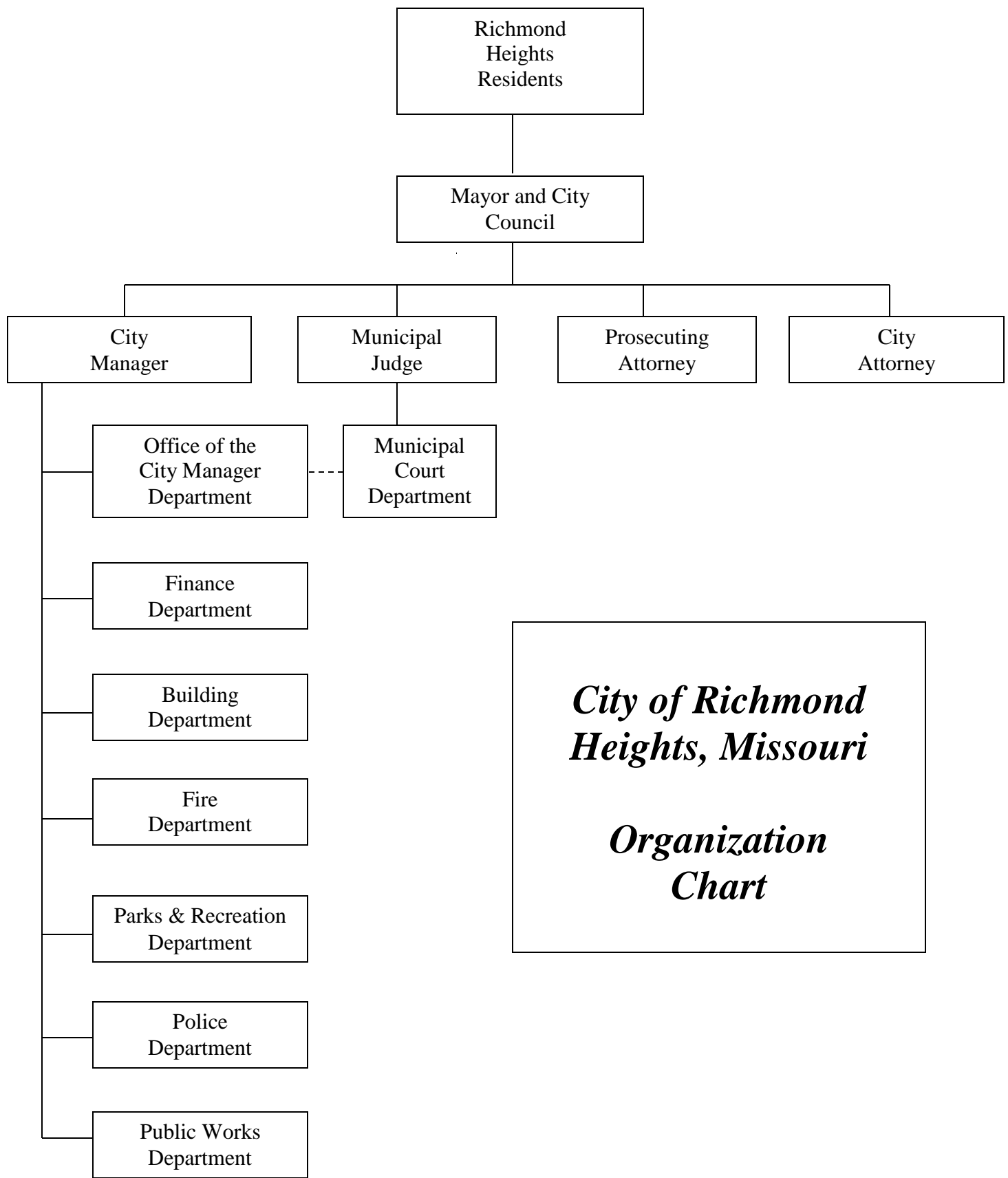
Presented to

**City of Richmond Heights  
Missouri**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO





# ***CITY OF RICHMOND HEIGHTS, MISSOURI***

## ***List of Principal Officials June 30, 2017***

<u>Title</u>	<u>Name</u>
Mayor	Jim Thomson
Council Members	
1 <sup>st</sup> District	Matthew C. Casey
	Joan Provaznik
2 <sup>nd</sup> District	Richard Vilcek
	Reginald Finney
3 <sup>rd</sup> District	Megan Moylan
	Edward Notter
4 <sup>th</sup> District	Danny Hebenstreit
	Dan Sebben
City Manager	Amy C. Hamilton
Assistant City Manager	Pamela Hylton
Deputy City Clerk	Patricia S. Villmer
Municipal Judge	Stephen O'Brien
Prosecuting Attorney	John Lally
City Attorney	Kenneth J. Heinz
Court Administrator	Tamara Trulove
Police Chief	Douglas Schaeffler
Fire Chief	Steven Carman
Building Commissioner/ Zoning Administrator	David Reary
Finance Director	Sara J. Fox
Parks & Recreation Director	Teresa Proebsting
Public Works Director	Christopher Boyd
Component Unit:	
Librarian	Jeanette Piquet

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**FINANCIAL**

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**SECTION II**  
**FINANCIAL SECTION**

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**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

## INDEPENDENT AUDITOR'S REPORT

December 21, 2017

Honorable Mayor and Members of City Council  
**CITY OF RICHMOND HEIGHTS, MISSOURI**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **CITY OF RICHMOND HEIGHTS, MISSOURI** (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such infor-

mation directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Hochschild, Bloom & Company LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2017**

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This section of the City of Richmond Heights, Missouri's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which follows this section.

#### **FINANCIAL HIGHLIGHTS**

- On a government-wide basis the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources, for the most recent fiscal year, by \$50,804,762. The City has unrestricted net position totaling \$9,016,784 which may be used to fund the City's obligations to citizens and creditors.
- The City's total net position increased by \$3,495,020.
- At the end of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$19,027,866, an increase of \$2,874,265 in comparison with the prior year. Approximately 41% of this amount, \$7,884,591, is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,884,591. This is 68% of total General Fund expenditures and transfers out. This is an increase of \$1,403,550 in comparison with the prior year unassigned fund balance.
- The City's total debt decreased by \$4,916,967.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis (MD&A) section is intended to provide an introduction to the City's financial statements. The City's basic annual report consists of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental 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. Note the government-wide financial statements exclude fiduciary fund activities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including long-term debt and capital assets in the governmental funds. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as transactions occur, regardless of when the related cash flows are reported. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually occur in future periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, parks and recreation, judicial, planning, public works, public safety, and community development. The City does not have any business-type activities.

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2017**

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The City of Richmond Heights Memorial Library and Menard's CID are legally separate from the City. These are component units of the City, because the City is accountable for them financially. The component units' financial statements are included separately in this report.

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 legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and the government-wide governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and Emergency Services Fund, PARCs and Storm Water Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplemental information section in this report. The governmental funds financial statements can be found on pages 17 through 21 of this report.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets. The budgetary comparison statements can be found in the supplemental sections of this report on pages 53 through 73.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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. The statement of fiduciary net position and changes in net position can be found on pages 22 and 23 of this report.

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2017**

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#### **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 statements. The notes to the basic financial statements can be found on pages 24 through 52 of this report.

#### **Required Supplemental Information**

In addition to the basic financial statements and accompanying notes, certain required supplemental information can be found on pages 53 through 63 of this report.

#### **Other Supplemental Information**

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplemental information. Combining and individual fund statements can be found on pages 64 through 75 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As noted earlier, net position may serve, over time, to be a useful indicator of a government's financial position. The City's combined net position, as restated due to pension plan reporting requirements, is \$50,804,762 at year end.

A major portion of the City's net position is its investment in capital assets (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 used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's restricted net position of \$13,180,969 represents resources that are subject to external restrictions on how they may be used. External restriction include those imposed by grantors, contributors, regulations or other governments, or restrictions imposed by laws through constitutional provision or legislation. The restricted net position had an increase of 10.69%, or \$1,273,175 over the prior year.

The unrestricted net position of \$9,016,784 may be used to meet on-going obligations to citizens and creditors.

The City's condensed statement of net position as compared to the prior year follows on the next page.



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**Net Position Comparison**

	June 30		2017 Change	
	2017	2016	Amount	Percent
<b>ASSETS</b>				
Current and Other Assets	\$34,501,705	29,055,893	5,445,812	18.74%
Capital Assets, net	33,583,841	37,210,738	(3,626,897)	(9.75)
Total Assets	68,085,546	66,266,631	1,818,915	2.74
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSION</b>	6,668,718	6,381,790	286,928	4.50
<b>LIABILITIES</b>				
Long-term Liabilities	17,966,230	22,911,574	(4,945,344)	(21.58)
Current Liabilities	2,282,936	1,164,182	1,118,754	96.10
Total Liabilities	20,249,166	24,075,756	(3,826,590)	15.89
<b>DEFERRED INFLOWS OF RESOURCES - PENSION</b>	3,700,336	1,262,923	(2,150,485)	(170.28)
<b>NET POSITION</b>				
Net Investment in Capital Assets	28,607,009	28,191,395	415,614	1.47
Restricted	13,180,969	11,907,794	1,273,175	10.69
Unrestricted	9,016,784	7,210,553	1,806,231	25.05
Total Net Position	\$50,804,762	47,309,742	3,495,020	7.39%

Some significant changes in fund net position are:

- The net change in current and other assets increased \$5,445,812. The City received \$5,668,327 from the sale of property. This was primarily from the sale of 4.5 acres of City owned land at the corner of Hanley Road and Dale Avenue. The land was sold to Summit Development Group. The developer began construction of a hotel, restaurant, and retail space in Spring 2017. In addition, a decrease in the net pension asset was offset by an increase in the deferred outflows related to pension obligations.
- The net change in capital assets decreased by \$3,626,897. The sale of the land at Hanley Road and Dale Avenue represents \$3,231,833 of the decrease.
- There is an overall decrease of \$4,945,344 in long-term liabilities. This represents total debt payments of \$4,916,967 on the City's bonds, leases, and certificates of participation. These are itemized on page 13. Also included is increased Pension and Other Post Employment Benefit Obligations of \$39,836.
- The net change in current liabilities increased \$1,118,754. This includes \$804,855 payment to Menard's Home Improvement Center for repayment of redevelopment project costs, and \$686,101 due to vendors, payroll taxes, and development project preliminary funding advances.

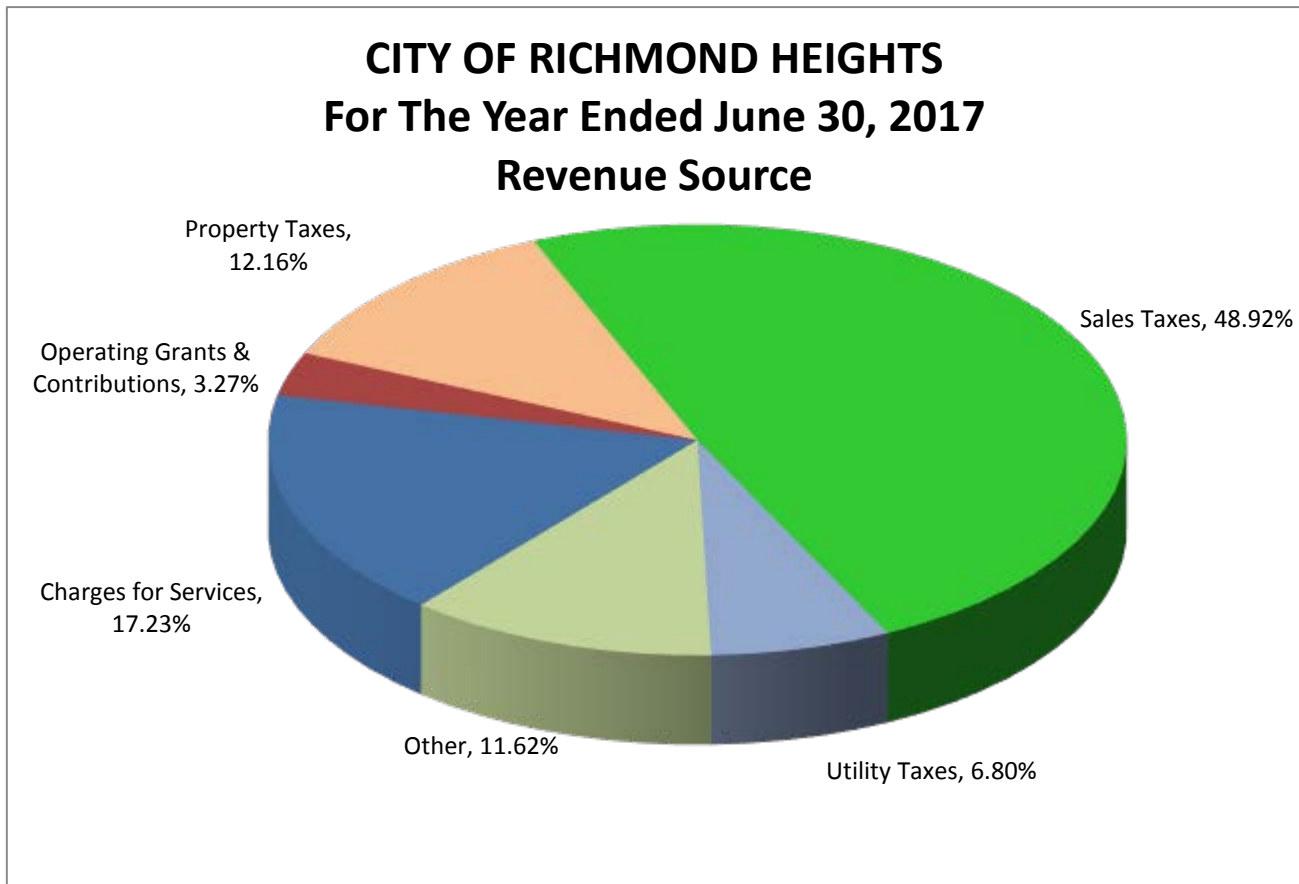
**Change in Net Position.** The City's revenues totaled \$24,583,336 (see condensed statement of activities on page 10).

Approximately 68% of the City's revenue comes from taxes, with approximately 48.9¢ of every dollar coming from sales tax, approximately 12.2¢ coming from property tax, and approximately 6.8¢ coming from utility tax. Charges for services

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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represent 17.2% of the City's revenue or 17.2¢ of every dollar. Another 3.3¢ of every dollar comes from grants and contributions. The remaining 11.6¢ comes from interest and investment earnings, gain on sale of capital assets, and other miscellaneous revenues (see the following revenue source graph).

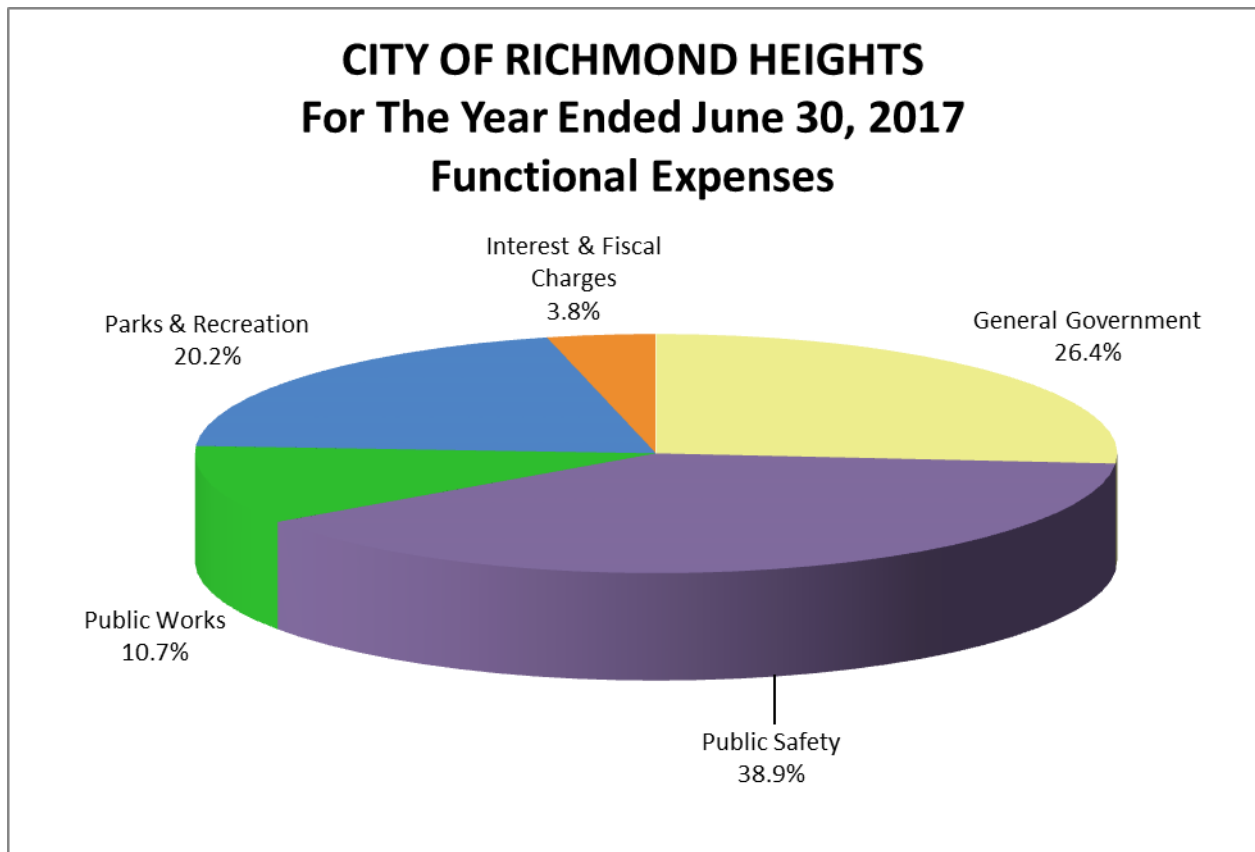


# CITY OF RICHMOND HEIGHTS, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2017

The City's expenses cover a range of services, such as police, fire, parks and recreation, administration, and public works (see the following functional expenses graph).



**Governmental Activities.** The statement of activities and the narrative that follows consider the operations of the governmental activities.

Total revenues for the City increased by \$2,314,194 (10.39%), total expenses increased by \$1,137,375 (5.76%). Resulting in an increased in the change in net position of \$1,176,819 (50.76%).

- Revenue increases during the year were from: Sales tax \$905,545, property tax \$212,722, and gain on sale of capital assets \$2,322,261. There was a decrease in capital grants and contributions from infrastructure improvements of \$995,040 and charges for services of \$78,879.
- Another significant change was increased expenses in general government \$949,541, in public safety \$40,369, and in parks and recreation \$427,333. These significant changes in expenses were for salaries, benefits, pension amounts, and changes in capitalized assets. There were decreases in public works \$28,439, and interest and fiscal charges \$251,429. These changes in expenses were from reduced infrastructure improvements and reduced interest due on the COPs Series 2005 debt retired August 2017.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

The City's condensed statement of activities is as follows:

<b>CITY OF RICHMOND HEIGHTS, MISSOURI</b>				
<b>Statement of Activities</b>				
	<b>For The Years Ended June 30</b>		<b>2017 Change</b>	
	<b>2017</b>	<b>2016</b>	<b>Amount</b>	<b>Percent</b>
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$4,235,468	4,314,347	(78,879)	(1.83)%
Operating grants and contributions	803,395	792,913	10,482	1.32
Capital grants and contributions	-	995,040	(995,040)	(100.00)
Total Program Revenues	5,038,863	6,102,300	(1,063,437)	(17.43)
General Revenues:				
Property taxes	2,990,167	2,777,445	212,722	7.66
Sales taxes	12,027,115	11,121,570	905,545	8.14
Utility taxes	1,670,376	1,707,403	(37,027)	(2.17)
Interest and investment earnings	71,236	87,732	(16,496)	(18.80)
Gain on sale of capital assets	2,322,261	-	2,322,261	-
Miscellaneous	463,318	472,692	(9,374)	(1.98)
Total Revenues	24,583,336	22,269,142	2,314,194	10.39
<b>EXPENSES</b>				
General government	5,558,744	4,609,203	949,541	20.60
Public safety	8,210,497	8,170,128	40,369	0.49
Public works	2,253,053	2,281,492	(28,439)	(1.25)
Parks and recreation	4,262,573	3,835,240	427,333	11.14
Interest and fiscal charges	803,449	1,054,878	(251,429)	(23.83)
Total Expenditures	21,088,316	19,950,941	1,137,375	5.70
<b>CHANGE IN NET POSITION</b>	3,495,020	2,318,201	1,176,819	50.76
NET POSITION, JULY 1	47,309,742	44,991,541	2,318,201	5.15
<b>NET POSITION, JUNE 30</b>	\$50,804,762	47,309,742	3,495,020	7.39%

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted previously, 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 inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2017

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**General Fund.** The General Fund is the main operating fund of the City. The City's General Fund minimum reserve policy is 25% of expenditures and transfers. The City's Fire and Emergency Services Fund does not generate sufficient revenues to cover their annual expenditures; therefore, requiring a transfer from the General Fund to balance the accounts. As a result of this mandatory transfer, the Fire and Emergency Services Fund is included with the General Fund when calculating the 25% minimum reserve. The current reserve balance is at 60.89%. This balance is greater than the policy requires as management feels that it is prudent to have sufficient reserves to continue providing quality services to residents without increasing taxes. These strong reserve balances have kept the City solvent during the highway reconstruction and the economic downturn.

The unassigned fund balance of the General Fund at 2017 fiscal year end was \$7,884,591, while the total fund balance was \$7,901,849. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 68.45% of total General Fund current expenditures and transfers out, while total fund balance represents 68.60%. The General Fund unassigned fund balance is available for spending at the City's discretion.

The fund balance in the General Fund increased \$1,405,032 or 21.6% from the prior year fund balance. The change was primarily due to \$1,724,202 received from the sale of land.

**Other Major Governmental Funds.** Changes in other major governmental funds balances are:

- Fire and Emergency Services Fund increased by \$272,591 (42.7%) from the previous year.
- Parks and Recreation Cooperative (PARCs) and Storm Water Fund increased by \$234,720 (12.8%) from the previous year. The current reserve balance is at 44.76%.
- Debt Service Fund decreased \$1,708,866 (54.3%) from the previous year.
- Capital Projects Fund increased by \$2,546,043 (88.97%) from the previous year. Expenditures in this fund fluctuate from year to year as capital purchases and projects are on varying schedules for replacement and repair. The change during the year was primarily from the sale of surplus property \$3,926,475.

#### **Fiduciary Funds**

The City maintains a Pension Trust Fund for monies received and held for the benefit of the uniformed Police and Fire employees' pension and retirement fund. The Pension Trust Fund's net position increased \$5,749,965.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the City budget. Amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated expenditures to provide for items necessary for the health and welfare of its citizens.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

A significant budget change that occurred during the year was the Sale of Surplus Property revenues; the General Fund revenue was \$825,359 lower and the Capital Projects Fund revenue was \$877,570 higher. Resulting in a 32.37% decrease and 29.33% increase respectively. This change was due to a corrected distribution of the land sale at Hanley Road and Dale Avenue.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2017

#### CAPITAL ASSETS ADMINISTRATION

By the end of 2017, the City had \$33,583,841 in a broad range of capital assets including, land, buildings, and various machinery and equipment. This amount represents a net decrease of \$3,626,897 or 9.75%, since the prior fiscal year. See Note C of the notes to financial statements for more detailed information on capital assets.

Capital assets (net of depreciation) follows:

#### CITY OF RICHMOND HEIGHTS, MISSOURI Capital Assets (Net of Depreciation)

	June 30		2017 Change	
	2017	2016	Amount	Percent
Land	\$ 6,132,656	9,364,489	(3,231,833)	(34.51)%
Right-of-way	4,642,631	4,642,631	-	-
Land improvements	312,420	363,900	(51,480)	(14.15)
Infrastructure	8,708,047	8,533,010	175,037	2.05
Building and improvements	10,472,394	10,866,725	(394,331)	(3.63)
Other improvements	1,145,239	1,167,764	(22,525)	(1.93)
Furniture and equipment	911,001	1,119,762	(208,761)	(18.64)
Vehicles	1,259,453	1,152,457	106,996	9.28
Total	<u>\$33,583,841</u>	<u>37,210,738</u>	<u>(3,626,897)</u>	<u>(9.75)%</u>

#### LONG-TERM DEBT

The City had \$250,000 in certificates of participation long-term obligations at year-end. This is a decrease of 93.40%. The Series 2005 was retired August 2016 and the Series 2009 debt will be retired August 2017.

The City had \$345,000 in Special Obligation Bonds Series 2010A at year-end. This is a decrease of 31.68%. This debt will be retired in December 2018. The City had \$2,770,000 in Special Obligation-Build America Bonds Series 2010B. The first principal reduction will be paid in December 2019. This debt will be retired in 2030.

The City had \$9,780,000 in Tax Increment and Transportation Sales Tax Refunding and Improvement Revenue Bonds Series 2005 for the Francis Place Redevelopment Project Area (RPA) 1 at year-end. This is a decrease of 8.43%. This debt obligation will be met November 2025.

The City had \$2,020,000 in Manhasset Village NID Series 2012 Bonds at year-end. This is a decrease of 8.39%. This debt will be retired in April 2026.

The City had \$1,566,949 in the Energy Efficiency upgrade project equipment lease. This is a decrease of 7.77%. This debt will be retired in April 2027.

The City is liable for the compensated absence balances payable to all full-time employees, for unused accumulated vacation and compensation time earned, who have been employed for more than one year. On average employees' compensated absences remain constant.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JUNE 30, 2017

See Note F of the notes to financial statements for more detailed information on long-term debt.

Long-term debt consists of the following:

#### CITY OF RICHMOND HEIGHTS, MISSOURI Outstanding Debt and Obligations

	June 30		2017 Change	
	2017	2016	Amount	Percent
Certificates of participation	\$ 250,000	3,790,000	(3,540,000)	(93.40)%
Special obligation bonds:				
Series 2010A	345,000	505,000	(160,000)	(31.68)
Series 2010B (BAB)	2,770,000	2,770,000	-	-
Francis Place Redevelopment Project Area TIF and TDD Bonds	9,780,000	10,680,000	(900,000)	(8.43)
Manhasset Village Neighborhood Improvement District Bonds Series 2012	2,020,000	2,205,000	(185,000)	(8.39)
Equipment lease	1,566,949	1,698,916	(131,967)	(7.77)
Bond discount	(15,349)	(25,330)	9,981	39.40
Bond premium	180,584	280,757	(100,173)	(35.68)
Compensated absences	580,721	558,742	21,979	3.93
Total	<u>\$17,477,905</u>	<u>22,463,085</u>	<u>(4,985,180)</u>	<u>(22.19)%</u>

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

One of the primary sources of revenue to the City is based on taxable retail sales in the community (sales tax). This revenue source continues to remain strong. Sales taxes increased \$905,545 during the fiscal year. This includes new revenue realized from Menard's Home Improvement Center.

Residents of St. Louis County voted in favor of Proposition P in the April 2017 election, to adopt the half cent police and public safety sales tax. Approximately one-half of all revenues generated from this tax will go to St. Louis County for police, prosecutor, and corrections departments. The remaining one-half will be distributed among the 90 municipalities located within St. Louis County based on their population. St. Louis County projected that Richmond Heights's annual revenues from this source will be \$430,600. Collections on this tax began October 2017. The City conservatively estimates that six months of revenues will be received during the 17/18 fiscal year.

The City Council voted to dissolve the Francis Place Redevelopment TIF Project Areas 2 and 3 effective December 1, 2016. A new development, The Boulevard South, was submitted for Redevelopment Area 2. The project proposal and cost benefit analysis for The Boulevard South were submitted to the City and TIF commission. The TIF commission approved the new project November 2015. The City Council voted to approve and adopt the Redevelopment Project and designate it a TIF area effective December 1, 2016. There are no current plans to redevelop Project Area 3.

EVO, formerly known as The Manhasset Village, townhomes and apartment project began construction of a four phase development summer 2015. New residents began moving into Phase I during the summer 2016. Phase I is fully completed. Phase II began construction fall 2016, completion of this Phase is anticipated during the 18/19 fiscal year. There will be a combined total of 800 apartment and townhome units when all four phases are completed in approximately the 20/21 fiscal year. In addition to the EVO redevelopment project an 80 unit assisted living facility was completed on Eager

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2017**

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Road, and construction began on an 85+ unit assisted living facility on Bellevue to be completed in 2018. Construction of a 40 unit townhome project on East Linden was completed in 2017. The City Council authorized a site plan review and preliminary development plan for a 185 unit mixed-use multi-family apartment complex, known as the Boland Place Apartments Project. These projects will bring in increased property and utility taxes. Additionally, it is anticipated that the increase in population will help the City retain sales tax revenues currently shared in the county wide sharing calculation. This calculation uses a sliding scale based on population.

The Brentwood/Clayton Road hotel redevelopment project continues to be delayed. The City will not realize new revenues from this development for one or more years.

The Certificate of Participation Series 2009 was paid off August 2017. The debt was paid using funds held in reserves and funds allocated from the Capital Improvement Fund.

The City contract with a development firm to prepare a feasibility study to renovate and expand The Heights Community Center and Memorial Library facility. The City Council and staff refined the study parameters and during the 17/18 fiscal year a \$1,250,000 budget was adopted to continue with the project and contract with a firm to prepare architectural design and construction documents.

The City contracted with an independent firm to perform a classification and compensation study during the 16/17 fiscal year. The study evaluated each position in comparison to the standard marketplace positions. Approximately 70% of employee salaries remained competitive with the marketplace. These annual salaries were within \$1,600 of the marketplace. Many of the salaries that were below the marketplace were entry level. Employee's salaries were adjusted as determined by the study results. The City has allocated funds for salary increases of a 3.58% effective July 1, 2017.

Three positions remain unfilled since the 2009 fiscal year hiring freeze; one in each of the Public Works, Fire, and Police Departments. Saving the City approximately \$215,000 in salary and benefits annually. Expenditures that continue to increase annually are solid waste removal, utility costs to operate City facilities, and insurance premiums for health, liability, property, and workers' compensation.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Richmond Heights, Missouri's finance office at 1330 S. Big Bend Blvd., Richmond Heights, MO 63117 (314-645-0404).



# CITY OF RICHMOND HEIGHTS, MISSOURI

## STATEMENT OF NET POSITION

JUNE 30, 2017

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Library</b>	<b>Menard's CID</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,634,964	396,269	35
Investments	7,498,752	176,223	-
Receivables (net):			
Sales and utility taxes	2,106,392	-	18,906
Property taxes	21,625	12,963	-
Special assessments	2,020,000	-	-
Other	245,002	-	-
Due from component unit	140,713	-	-
Accrued interest	15,670	382	-
Cash - restricted	62,058	-	-
Investments - restricted	1,501,777	-	-
Inventory	2,270	-	-
Prepays	1,328	-	-
Net pension asset	11,251,154	136,931	-
Capital assets:			
Land, right of way, and construction in progress	10,775,287	-	-
Other capital assets, net of accumulated depreciation	22,808,554	305,484	-
Total Assets	<u>68,085,546</u>	<u>1,028,252</u>	<u>18,941</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>6,668,718</u>	<u>63,761</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	1,637,613	17,449	35
Accrued wages	322,888	12,913	-
Accrued interest	135,003	-	-
Deposits	187,432	-	-
Due to primary government	-	45,375	95,338
Noncurrent liabilities:			
Due within one year	1,910,274	5,634	-
Due in more than one year	15,567,631	13,145	-
Net OPEB liability - due in more than one year	488,325	-	-
Total Liabilities	<u>20,249,166</u>	<u>94,516</u>	<u>95,373</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>3,700,336</u>	<u>6,193</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,607,009	305,484	-
Restricted:			
Debt service	1,699,758	-	-
PARCs and storm water	2,071,849	-	-
Capital projects	7,166,080	-	-
Fire and emergency	945,922	-	-
Other	1,297,360	-	-
Unrestricted net position	<u>9,016,784</u>	<u>685,820</u>	<u>(76,432)</u>
Total Net Position	<u>\$ 50,804,762</u>	<u>991,304</u>	<u>(76,432)</u>

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

		Program Revenues			Net Revenues (Expenses) And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary	Component Units	
					Governmental Activities	Library	Menard's CID
	Expenses						
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities</b>							
General government	\$ 5,558,744	1,522,691	-	-	(4,036,053)	-	-
Public safety	8,210,497	477,993	92,483	-	(7,640,021)	-	-
Public works	2,253,053	123,990	705,957	-	(1,423,106)	-	-
Parks and recreation	4,262,573	2,110,794	4,955	-	(2,146,824)	-	-
Interest and fiscal charges	803,449	-	-	-	(803,449)	-	-
Total Governmental Activities	<u>\$ 21,088,316</u>	<u>4,235,468</u>	<u>803,395</u>	<u>-</u>	<u>(16,049,453)</u>	<u>-</u>	<u>-</u>
<b>Component Units</b>							
Library	\$ 678,500	17,799	1,175	-	-	(659,526)	-
Menard's CID	255,205	-	-	-	-	-	(255,205)
Total Component Units	<u>\$ 933,705</u>	<u>17,799</u>	<u>1,175</u>	<u>-</u>	<u>-</u>	<u>(659,526)</u>	<u>(255,205)</u>
<b>General Revenues</b>							
Taxes:							
Sales					12,027,115	3,638	144,426
Utility					1,670,376	-	-
Property					2,990,167	631,882	-
Investment income					71,236	625	-
Gain on sale of capital assets					2,322,261	-	-
Other					463,318	83	-
Total General Revenues					<u>19,544,473</u>	<u>636,228</u>	<u>144,426</u>
<b>CHANGE IN NET POSITION</b>					3,495,020	(23,298)	(110,779)
NET POSITION, JULY 1					<u>47,309,742</u>	<u>1,014,602</u>	<u>34,347</u>
NET POSITION, JUNE 30					<u>\$ 50,804,762</u>	<u>991,304</u>	<u>(76,432)</u>

See notes to financial statements

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>General Fund</b>	<b>Fire And Emergency Services Fund</b>	<b>PARCs And Storm Water Fund</b>	<b>TIF District Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,215,687	222,186	878,149	1,612,269	33,987	4,418,357	254,329	9,634,964
Investments	5,226,062	498,729	997,458	-	160,422	516,335	99,746	7,498,752
Due from other funds	7,320	-	-	-	-	-	-	7,320
Receivables (net):								
Sales and utility taxes	993,418	224,908	450,272	47,471	-	389,017	1,306	2,106,392
Property taxes	19,877	-	-	1,748	-	-	-	21,625
Special assessments	-	-	-	-	-	2,020,000	-	2,020,000
Library	45,375	-	-	-	-	-	-	45,375
Menard's CID	-	-	-	95,338	-	-	-	95,338
Other	98,989	76,046	66,485	-	500	495	2,487	245,002
Accrued interest	11,358	-	-	29	3,072	1,211	-	15,670
Cash - restricted	62,058	-	-	-	-	-	-	62,058
Investments - restricted	-	-	-	-	1,240,195	261,582	-	1,501,777
Inventory	-	-	2,270	-	-	-	-	2,270
Prepays	-	228	-	-	-	-	1,100	1,328
<b>Total Assets</b>	<b><u>\$ 8,680,144</u></b>	<b><u>1,022,097</u></b>	<b><u>2,394,634</u></b>	<b><u>1,756,855</u></b>	<b><u>1,438,176</u></b>	<b><u>7,606,997</u></b>	<b><u>358,968</u></b>	<b><u>23,257,871</u></b>

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017 (Continued)**

	General Fund	Fire And Emergency Services Fund	PARCs And Storm Water Fund	TIF District Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>LIABILITIES</b>								
Accounts payable	\$ 453,314	19,354	174,467	809,563	-	179,335	1,580	1,637,613
Accrued wages	166,027	56,821	100,040	-	-	-	-	322,888
Deposits	139,154	-	48,278	-	-	-	-	187,432
Due to other funds	-	-	-	-	-	-	7,320	7,320
Total Liabilities	<u>758,495</u>	<u>76,175</u>	<u>322,785</u>	<u>809,563</u>	<u>-</u>	<u>179,335</u>	<u>8,900</u>	<u>2,155,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue:								
Property taxes	19,800	-	-	-	-	-	-	19,800
Special assessments	-	-	-	-	-	2,020,000	-	2,020,000
Ambulance fees	-	34,952	-	-	-	-	-	34,952
Total Deferred Inflows Of Resources	<u>19,800</u>	<u>34,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,020,000</u>	<u>-</u>	<u>2,074,752</u>
<b>FUND BALANCES</b>								
Nonspendable:								
Inventory	-	-	2,270	-	-	-	-	2,270
Prepays	-	228	-	-	-	-	1,100	1,328
Restricted:								
Debt service	-	-	-	-	1,438,176	261,582	-	1,699,758
Park and storm water improvements	-	-	2,069,579	-	-	-	-	2,069,579
Capital improvements	-	-	-	-	-	5,146,080	-	5,146,080
Special taxing district	-	-	-	947,292	-	-	-	947,292
Sewer lateral	-	-	-	-	-	-	48,038	48,038
Court training	-	-	-	-	-	-	62,639	62,639
Federal forfeitures	-	-	-	-	-	-	236,202	236,202
Inmate security	-	-	-	-	-	-	2,089	2,089
Committed:								
Capital, construction, supplies, and services	-	910,742	-	-	-	-	-	910,742
Assigned:								
PACT fund	17,258	-	-	-	-	-	-	17,258
Unassigned	<u>7,884,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,884,591</u>
Total Fund Balances	<u>7,901,849</u>	<u>910,970</u>	<u>2,071,849</u>	<u>947,292</u>	<u>1,438,176</u>	<u>5,407,662</u>	<u>350,068</u>	<u>19,027,866</u>
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	<u>\$ 8,680,144</u>	<u>1,022,097</u>	<u>2,394,634</u>	<u>1,756,855</u>	<u>1,438,176</u>	<u>7,606,997</u>	<u>358,968</u>	<u>23,257,871</u>

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

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Total Fund Balances - Governmental Funds \$ 19,027,866

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$69,444,858 and the accumulated depreciation is \$35,861,017. 33,583,841

Assets that are not financial resources and are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. 2,074,752

Certain items are not a financial resource and, therefore, are not reported in the governmental funds. These consist of:

Net pension asset	11,251,154
Deferred outflows - pension related	6,668,718
Deferred inflows - pension related	(3,700,336)
Net OPEB liability	(488,325)

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Accrued compensated absences	(580,721)
Accrued interest	(135,003)
Equipment lease outstanding	(1,566,949)
Bonds payable outstanding	(15,165,000)
Unamortized bond premium	(180,584)
Unamortized bond discount	15,349

Total Net Position Of Governmental Activities \$ 50,804,762

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Fire And Emergency Services Fund	PARCs And Storm Water Fund	TIF District Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Sales taxes	\$ 5,171,930	1,365,395	2,732,928	386,799	-	2,370,063	-	12,027,115
Utility taxes	1,670,376	-	-	-	-	-	-	1,670,376
Property taxes	1,446,182	343,722	-	1,134,661	-	248,353	-	3,172,918
Licenses and permits	1,522,691	-	-	-	-	-	-	1,522,691
Fines	187,635	-	-	-	-	-	-	187,635
Charges for services	-	267,696	1,756,320	-	-	-	123,990	2,148,006
Intergovernmental	370,869	-	342,560	-	54,443	304,948	98,528	1,171,348
Investment income	6,655	-	-	-	63,388	5,644	-	75,687
Contract income	19,331	-	-	-	-	-	-	19,331
Other	232,551	532	14,087	125,656	-	85,780	-	458,606
Total Revenues	10,628,220	1,977,345	4,845,895	1,647,116	117,831	3,014,788	222,518	22,453,713
<b>EXPENDITURES</b>								
Current:								
General government	3,648,062	-	-	883,138	-	-	-	4,531,200
Public safety	4,417,032	2,854,000	-	-	-	-	46,544	7,317,576
Public works	1,528,497	-	-	-	-	-	85,549	1,614,046
Parks and recreation	-	-	3,664,472	-	-	-	-	3,664,472
Capital outlay	-	10,273	411,123	-	-	1,777,177	-	2,198,573
Debt service:								
Principal	-	-	-	-	4,731,967	185,000	-	4,916,967
Interest	-	-	-	-	919,605	76,238	-	995,843
Fiscal charges	-	-	-	-	8,708	390	-	9,098
Total Expenditures	9,593,591	2,864,273	4,075,595	883,138	5,660,280	2,038,805	132,093	25,247,775
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,034,629	(886,928)	770,300	763,978	(5,542,449)	975,983	90,425	(2,794,062)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from sale of capital assets	1,724,202	-	17,650	-	-	3,926,475	-	5,668,327
Transfers in	571,055	1,249,588	-	588,581	3,885,286	485,203	-	6,779,713
Transfers out	(1,924,854)	(90,069)	(553,230)	(1,294,899)	(51,703)	(2,841,618)	(23,340)	(6,779,713)
Total Other Financing Sources (Uses)	370,403	1,159,519	(535,580)	(706,318)	3,833,583	1,570,060	(23,340)	5,668,327
<b>NET CHANGES IN FUND BALANCES</b>	1,405,032	272,591	234,720	57,660	(1,708,866)	2,546,043	67,085	2,874,265
<b>FUND BALANCES, JULY 1</b>	6,496,817	638,379	1,837,129	889,632	3,147,042	2,861,619	282,983	16,153,601
<b>FUND BALANCES, JUNE 30</b>	\$ 7,901,849	910,970	2,071,849	947,292	1,438,176	5,407,662	350,068	19,027,866

See notes to financial statements

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDI-**  
**TURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Net Change In Fund Balances - Governmental Funds	\$ 2,874,265
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds 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 depreciation (\$2,078,224) exceeded capital outlays over the capitalization threshold (\$1,819,993) in the current period.	(258,231)
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The net effect of various transactions involving capital assets: Cost of disposals, net of accumulated depreciation	(3,368,666)
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Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements.	(192,638)
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Debt proceeds are reported as financing sources in the governmental funds financial statements and thus contribute to the net change in fund balances. In the statement of net position, however, issuing debt increases and long-term liabilities does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net position.

Repayments during the current year: Principal payments on debt	4,916,967
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Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net change of these items are:

Accrued compensated absences	(21,979)
Accrued interest on debt	102,202
Premium amortization on debt issuances	100,173
Discount amortization on debt issuances	(9,981)
OPEB	(39,836)
Pension expense	(607,256)

Change In Net Position Of Governmental Activities	<u>\$ 3,495,020</u>
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**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**POLICE AND FIRE PENSION TRUST FUND**  
**JUNE 30, 2017**

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**ASSETS**

Cash and cash equivalents	\$ 933,062
Money market	318,551
U.S. government securities	3,372,849
Municipal bonds	1,496,083
Corporate bonds	9,707,283
Domestic corporate stock	20,483,882
International corporate stock	11,671,382
Emerging markets equity fund	5,148,987
Accrued interest	118,856
Other receivables	21,827
Total Assets	<u>53,272,762</u>

**LIABILITIES**

Other	<u>997</u>
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**NET POSITION - RESTRICTED FOR PENSIONS**

\$ 53,271,765



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**POLICE AND FIRE PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**ADDITIONS**

Investment income:

Interest and dividends earned	\$ 533,985
Net appreciation in fair value of investments	6,268,751
Total Investment Income	<u>6,802,736</u>
Less - Investment management and custodial fees	151,020
Net Investment Income	<u>6,651,716</u>

Contributions:

Employer	934,079
Employees	130,672
Total Contributions	<u>1,064,751</u>
Total Additions	<u>7,716,467</u>

**DEDUCTIONS**

Benefit payments	1,946,297
Administration	20,205
Total Deductions	<u>1,966,502</u>

**CHANGE IN NET POSITION**

5,749,965

**NET POSITION - RESTRICTED FOR PENSIONS**

BEGINNING OF YEAR	<u>47,521,800</u>
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**NET POSITION - RESTRICTED FOR PENSIONS**

END OF YEAR	<u><u>\$ 53,271,765</u></u>
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# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF RICHMOND HEIGHTS, MISSOURI** (the City) was formed on December 29, 1913 and is comprised of three square miles. The City operates under a council-manager form of government and provides the following services: public safety (police and fire), public works, recreation, community development, and general administrative services.

The accounting methods and procedures adopted by the City conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the City's financial statements.

#### 1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The component units discussed below are included in the City's reporting entity because of the significance of operational or financial relationships with the City.

**Richmond Heights Memorial Library District (the Library)** -- The component unit is reported in a separate column on the government-wide financial statements to emphasize that it is legally separate from the City. The City appoints all board members of the Library and has the right to terminate board members. The City imposes its will on the Library by approving the tax rate, collecting taxes, and paying the bills and employees of the Library. The Library is discretely presented in the financial statements and separate financial reports may be obtained from the City's finance department.

**Hadley Township South (Menard's) Community Improvement District (CID)** -- The CID was established in 2015 under the CID Act and is a separate legal entity. The City Council appoints all Board of Directors which consists of four City employees and one other and has the ability to impose its will on the board. The CID is discretely presented in the financial statements and separate financial reports may be obtained from the City's finance department.

#### 2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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, if any, 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

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2. Government-wide and Fund Financial Statements (Continued)

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 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 funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 60 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 compensated absences, are recorded only when payment is due (i.e., matured).

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** -- This 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.

**Fire and Emergency Services Fund** -- This fund is used to account for all financial transactions related to the fire and emergency services revenues and expenditures. The major source of revenue comes from the City's fire protection sales tax.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

**PARCs and Storm Water Fund** -- This fund is used to account for all financial transactions related to Parks and Recreation Cooperative (PARCs) and storm water revenues and expenditures. The major source of revenue is the storm water/local parks sales tax.

**TIF District Fund** -- This fund is used to account for all financial transactions related to the City's tax incremental financing districts revenues and expenditures. Major source of revenue is the sales and property tax.

**Debt Service Fund** -- This fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Fund** -- This fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure (other than those financed by proprietary funds and trust funds).

Additionally, the City reports the following fiduciary fund type:

**Police and Fire Pension Trust Fund** -- This fund is used to account for the activities of the Police and Fire Pension Retirement Fund which accumulates resources for pension benefit payments to qualified uniformed public safety employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

#### 4. Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool that is available for use by various funds. The City's cash and cash equivalents are comprised of cash deposits with banks, petty cash funds, and repurchase agreements. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Pension funds may also invest in corporate stock and mutual funds. Investments are stated at fair value.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. Other receivables are shown net of an allowance for uncollectible accounts of \$323,056.

#### 6. Inventory of Supplies

Inventories of consumable supplies are recorded at cost (determined on a first-in, first-out basis). Inventory in the PARCs and Storm Water Fund consists of expendable supplies held for consumption. The costs are recorded as expenditures when consumed rather than when purchased.

#### 7. Restricted Assets

Certain resources set aside for court bonds, cable escrow, and debt service are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.

#### 8. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable 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 acquisition 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 assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Infrastructure	5 - 40
Buildings and improvements	20 - 40
Furniture and equipment	3 - 10
Vehicles	3 - 5
Land improvements	5 - 40

#### 9. Compensated Absences

The City accrues compensated absences when vested. The current and noncurrent portions are recorded in the government-wide financial statements.

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **9. Compensated Absences (Continued)**

Vacations accrue to employees based on their anniversary date of employment and are limited in total to 150% of the amount that can be earned by an employee during a 12-month period. Upon leaving the employment of the City, an employee is entitled to payment for accrued vacation.

#### **10. 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 statement of net position. Bond premiums and discounts 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.

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 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.

#### **11. Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. All appropriations and encumbrances lapse at year-end and are reappropriated and become part of the subsequent year's budget. There were no encumbrances as of June 30, 2017.

#### **12. 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.

#### **13. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### **14. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an out-

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 14. Deferred Outflows/Inflows of Resources (Continued)

flow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item arises under a modified accrual basis of accounting. The governmental funds report unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pensions reported on the statement of net position.

#### 15. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the City intends to use for a specific purpose as determined by the authority of the Mayor and City Council or the City Manager to which the Mayor and City Council has designated authority per Charter and ordinance.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When restricted, committed, assigned, and unassigned resources are available, the City will spend the most restricted amounts before the least restricted. In the PARCs and Storm Water Fund, the City will spend the least restricted amounts before the most restricted.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 25% of annual operating expenditures for the fiscal year

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 15. Fund Balance Policies (Continued)

and the overall goal is to achieve a fund balance equal to 33% of annual operating expenditures for the fiscal year.

#### 16. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### NOTE B - CASH AND INVESTMENTS

#### 1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. 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 Insurance Corporation.

As of June 30, 2017, the City's bank balances and its component units were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

#### 2. Investments

As of June 30, 2017, the City had the following investments:



# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 2. Investments (Continued)

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
Governmental Funds							
Federal Home Loan Mortgage	\$ 4,479,489	-	4,479,489	-	-	-	AA
Federal Farm Credit Bank	3,083,865	-	-	3,083,865	-	-	AA
Certificates of deposit	36,557	-	36,557	-	-	-	N/A
Money market mutual funds	1,400,618	1,400,618	-	-	-	-	Not rated
Total Governmental Funds	9,000,529	1,400,618	4,516,046	3,083,865	-	-	
Component Unit - Library							
Certificates of deposit	176,223	-	24,966	151,257	-	-	N/A
Fiduciary Fund							
Corporate stocks	32,155,264	32,155,264	-	-	-	-	N/A
Emerging markets equity fund	5,148,987	5,148,987	-	-	-	-	N/A
Money market funds	318,551	318,551	-	-	-	-	Not rated
Federal Farm Credit Bank	500,479	-	-	392,982	-	107,497	AA
Federal Home Loan Mortgage	771,184	-	159,758	5,339	150,346	455,741	AA
Federal National Mortgage Association	884,947	-	2,007	2,983	14,261	865,696	AA
Governmental National Mortgage Association	13,782	-	-	-	-	13,782	AA
U.S. Treasury	1,073,914	-	-	174,122	302,563	597,229	AA
Tennessee Valley Authority	128,543	-	102,336	-	26,207	-	AAA
Municipal bonds	297,065	-	-	-	-	297,065	AAA
Municipal bonds	859,700	-	100,797	582,766	-	176,137	AA
Municipal bonds	339,318	-	-	-	246,146	93,172	A
Corporate bonds	1,613,689	-	-	3,671	155,045	1,454,973	AAA
Corporate bonds	1,322,756	-	-	558,686	178,974	585,096	AA
Corporate bonds	4,374,193	-	206,901	1,561,199	741,858	1,864,235	A
Corporate bonds	2,177,640	-	129,936	1,091,785	633,672	322,247	BBB
Corporate bonds	21,503	-	-	-	-	21,503	BB
Corporate bonds	85,677	-	-	-	-	85,677	CCC
Corporate bonds	23,716	-	-	-	-	23,716	CC
Corporate bonds	88,109	-	-	19,709	-	68,400	D
Total Fiduciary Fund Investments	52,199,017	37,622,802	701,735	4,393,242	2,449,072	7,032,166	
Total Investments	\$ 61,375,769	39,023,420	5,242,747	7,628,364	2,449,072	7,032,166	

#### Investments Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business. The City's investment policy requires diversifying the portfolio to reduce potential losses on individual securities.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 2. Investments (Continued)

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities. The City's investment policy requires 75% of the City's cash reserves to be held in short-term investments with less than two years maturity.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio. The City's investment policy details the required credit risk concentration.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). Defined benefit plans are required to disclose investments in any one issuer that represent 5% or more of total plan net position with the same exemptions as above. At June 30, 2017, the City had the following investment concentrations:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
<b>Primary Government</b>		
Federal Home Loan Mortgage	\$ 4,479,489	49.77 %
Federal Farm Credit Bank	3,083,865	34.26
		<u>Percent Of Total Plan Net Position</u>
<b>Fiduciary Fund</b>		
Vanguard 500 Index Fund Adm	\$ 15,026,329	28.21 %
Silchester International Value Equity Trust	11,671,382	21.91
Quaker Small-Cap Value Fund Class I	5,457,553	10.24
AJO Emerging Markets All-Cap Offshore Fund	5,148,987	9.67

**Foreign Currency Risk** is the risk that changes in exchange rates will adversely impact the fair value of an investment. The City's currency risk exposures, or exchange rate risk, primarily reside within the City's international investment holdings. The City's investment policy limits the City's exposure to foreign investments.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS (Continued)

#### 3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

		June 30, 2017		
	Total	Level 1	Level 2	Level 3
<b>Governmental Funds</b>				
Investments by fair value level:				
Government securities:				
Federal Home Loan Mortgage Corporation	\$ 4,479,489	-	4,479,489	-
Federal Farm Credit Bank	3,083,865	-	3,083,865	-
Total Investments By Fair Value Level	7,563,354	-	7,563,354	-
Investments not subject to fair value classification:				
Certificates of deposit	36,557			
Money market mutual funds	1,400,618			
Total Governmental Investments	\$ 9,000,529			
<b>Component Unit - Library</b>				
Investments not subject to fair value classification:				
Certificates of deposit	\$ 176,223			
<b>Fiduciary Fund</b>				
Investments by fair value level:				
Corporate stocks	\$ 32,155,264	32,155,264	-	-
Corporate bonds	9,707,283	9,707,283	-	-
Government securities:				
Federal Farm Credit Bank	500,479	-	500,479	-
Federal Home Loan Mortgage Corporation	771,184	-	771,184	-
Federal National Mortgage Association	884,947	-	884,947	-
Government National Mortgage Association	13,782	13,782	-	-
Municipal bonds	1,496,083	1,496,083	-	-
Tennessee Valley Authority	128,543	128,543	-	-
U.S. Treasury notes	1,073,914	1,073,914	-	-
Total Investments By Fair Value Level	46,731,479	44,574,869	2,156,610	-
Investments not subject to fair value classification:				
Money market funds	318,551			
Investments measured at net asset value (NAV):				
Emerging markets equity fund	5,148,987			
Total Fiduciary Fund Investments	\$ 52,199,017			

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

**For The Year Ended June 30, 2017**

	<b>Balance June 30 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30 2017</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 9,364,489	106,119	3,337,952	6,132,656
Right of way	4,642,631	-	-	4,642,631
Total Capital Assets Not Being Depreciated	14,007,120	106,119	3,337,952	10,775,287
Capital assets being depreciated:				
Land improvements	882,788	-	-	882,788
Infrastructure	30,969,421	896,933	-	31,866,354
Buildings and improvements	17,839,127	169,742	40,172	17,968,697
Other improvements	1,442,091	59,750	-	1,501,841
Furniture and equipment	3,144,307	206,052	196,964	3,153,395
Vehicles	3,106,150	396,996	206,650	3,296,496
Total Capital Assets Being Depreciated	57,383,884	1,729,473	443,786	58,669,571
Less - Accumulated depreciation for:				
Land improvements	518,888	51,480	-	570,368
Infrastructure	22,436,411	721,896	-	23,158,307
Buildings and improvements	6,972,402	544,146	20,245	7,496,303
Other improvements	274,327	82,275	-	356,602
Furniture and equipment	2,024,545	398,870	181,021	2,242,394
Vehicles	1,953,693	279,557	196,207	2,037,043
Total Accumulated Depreciation	34,180,266	2,078,224	397,473	35,861,017
Total Capital Assets Being Depreciated, Net	23,203,618	(348,751)	46,313	22,808,554
Total General Government Capital Assets, Net	<u>\$ 37,210,738</u>	<u>(242,632)</u>	<u>3,384,265</u>	<u>33,583,841</u>
<b>Component Unit - Library</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 284,847	88,252	-	373,099
Less - Accumulated depreciation for:				
Furniture and equipment	40,458	27,157	-	67,615
Total Component Unit Capital Assets, Net	<u>\$ 244,389</u>	<u>61,095</u>	<u>-</u>	<u>305,484</u>

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE C - CAPITAL ASSETS (Continued)

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

	<b>For The Year Ended June 30 2017</b>
<b>Governmental Activities</b>	
General government	\$ 90,533
Public safety	612,575
Public works, including depreciation of infrastructure assets	964,047
Parks and recreation	<u>411,069</u>
Total	<u><u>\$ 2,078,224</u></u>

### NOTE D - PROPERTY TAXES

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all real property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and are due upon receipt of billing and become delinquent after December 31.

Property tax revenue is recognized to the extent it is collected within the current period or expected to be collected within 60 days after year-end is deferred on the fund financial statements and recognized as revenue in the government-wide financial statements.

All property tax assessment, billing, and collection functions are handled by the St. Louis County government. Taxes collected are remitted to the City by the St. Louis County Collector (the County Collector) in the month subsequent to the actual collection date. Taxes held by the County Collector, if any, are included in municipal taxes receivable in the accompanying fund financial statements.

### NOTE E - INSURANCE PROGRAMS

The City, along with various other local governments, participates in an insurance trust for workers' compensation and for general liability matters (St. Louis Area Insurance Trust - SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust; however, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operations at some future date. As a member of the self-insured pool, the City may become liable for deficits of the pool created if claims should exceed existing reserves. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The trust has contracted with an insurance agent to handle all administrative matters, including processing of claims filed.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE F - LONG-TERM DEBT

Long-term liability activity was as follows:

	For The Year Ended June 30, 2017			Amounts Due Within One Year
	Balance June 30 2016	Additions	Reductions	Balance June 30 2017
<b>Governmental Activities</b>				
Certificates of participation:				
Series 2005	\$ 3,225,000	-	3,225,000	-
Series 2009	565,000	-	315,000	250,000
Total Certificates Of Participation	3,790,000	-	3,540,000	250,000
Special obligation bonds:				
Series 2010A	505,000	-	160,000	345,000
Series 2010B "Build America Bonds"	2,770,000	-	-	2,770,000
TIF bonds payable	10,680,000	-	900,000	9,780,000
NID bonds payable:				
Series 2012	2,205,000	-	185,000	2,020,000
Equipment lease	1,698,916	-	131,967	1,566,949
Bond discount	(25,330)	-	(9,981)	(15,349)
Bond premium	280,757	-	100,173	180,584
Compensated absences	558,742	684,948	662,969	580,721
Total Governmental Activities	<u>\$ 22,463,085</u>	<u>684,948</u>	<u>5,670,128</u>	<u>17,477,905</u>
<b>Component Unit - Library</b>				
Compensated absences	<u>\$ 12,641</u>	<u>9,612</u>	<u>3,474</u>	<u>18,779</u>

Compensated absences are liquidated based on the fund that pays an employee's salary. These funds include the General Fund, Fire and Emergency Services Fund, and PARCs and Storm Water Fund.

### Certificates of Participation

In April 2005, the City issued certificates of participation, Series 2005 in the amount of \$15,825,000 maturing August 2017. The proceeds were used by the City to advance refund a portion of the Series 1997A certificates of participation. The Series 2005 certificates of participation bear interest ranging from 3% to 5% and are repaid through a Debt Service Fund. In August 2016, the City used the reserves to pay the remaining balance.

In March 2009, the City issued certificates of participation, Series 2009 in the amount of \$2,350,000, the proceeds of which were used to advance refund \$2,350,000 of outstanding Series 1997A certificates of participation. The Series 2009 certificates of participation bear interest ranging from 3% to 3.6% and are repaid through a Debt Service Fund.

Annual debt service requirements are as follows:

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE F - LONG-TERM DEBT (Continued)

<b>For The Year Ending June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	<u>\$ 250,000</u>	<u>4,531</u>	<u>254,531</u>

### Special Obligation Bonds

In June 2010, the City issued special obligation bonds, Series 2010A in the amount of \$1,230,000 with interest ranging from 3% to 5% and taxable Build America Bonds, Series 2010B in the amount of \$2,770,000 with interest ranging from 5.8% to 6.2%. The proceeds will be used by the City for various capital expenditures including vehicles, IT, and road construction. The bonds are special obligations of the City, payable solely from annual appropriations. The payments will be made from a Debt Service Fund.

Annual debt service requirements are as follows:

<b>For The Years Ending June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 170,000	180,078	350,078
2019	175,000	171,453	346,453
2020	185,000	161,665	346,665
2021	190,000	150,693	340,693
2022	200,000	139,281	339,281
2023 - 2027	1,125,000	506,785	1,631,785
2028 - 2031	<u>1,070,000</u>	<u>137,104</u>	<u>1,207,104</u>
Total	<u>\$ 3,115,000</u>	<u>1,447,059</u>	<u>4,562,059</u>

### Tax Increment Finance Bonds

In April 2005, the City issued tax increment and transportation sales tax refunding and improvement revenue bonds in the amount of \$19,000,000 with interest at 3.7% to 5.625%. The proceeds were used by the City to redevelop the Francis Place Project area. The bonds are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property, incremental increases in economic activity taxes in the project area, and certain transportation development district revenues and Debt Service Reserve Fund. The bonds do not constitute a general obligation of the City. The payments will be made from a Debt Service Fund.

### Neighborhood Improvement Development (NID) Bonds

In March 2012, the City issued \$2,570,000 in refunding NID bonds with interest 2% to 4%. The proceeds were used by the City for the Manhasset Village NID and to retire the Series 2006 NID Bonds. The bonds are pay-

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE F - LONG-TERM DEBT (Continued)

able from special assessments levied upon property benefited by the acquisition and construction of improvements paid for by the proceeds of the bond. If not paid in that manner, then bonds are payable from the current income and revenues and surplus funds of the City. The payments will be made from the Capital Projects Fund.

Annual debt service requirements are as follows:

<b>For The Years Ending June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 190,000	70,688	260,688
2019	195,000	64,988	259,988
2020	200,000	59,138	259,138
2021	210,000	53,138	263,138
2022	215,000	46,838	261,838
2023 - 2027	<u>1,010,000</u>	<u>106,650</u>	<u>1,116,650</u>
Total	<u>\$ 2,020,000</u>	<u>401,440</u>	<u>2,421,440</u>

### Equipment Lease Payable

The City has entered into an equipment lease agreement as lessee for financing the acquisition of energy efficient HVAC equipment.

The assets acquired through capital leases are as follows:

HVAC equipment	\$ 2,819,497
Less - Accumulated depreciation	<u>(587,395)</u>
Total	<u>\$ 2,232,102</u>

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

<b>For The Years Ending June 30</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 136,058	48,575	184,633
2019	140,275	44,358	184,633
2020	144,624	40,009	184,633
2021	149,107	35,526	184,633
2022	153,730	30,903	184,633
2023 - 2027	<u>843,155</u>	<u>80,010</u>	<u>923,165</u>
Total Minimum Lease Payments	<u>\$ 1,566,949</u>	<u>279,381</u>	<u>1,846,330</u>



# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE G - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

#### Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2017</u>
General Fund	Biometric Inmate Security Fund	<u>\$ 7,320</u>

The outstanding balances between the funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, or 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the next fiscal year.

### NOTE H - INTERFUND TRANSFERS

Individual fund transfers are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>For The Year Ended June 30 2017</u>
General	Fire and Emergency Services	\$ 1,235,681
General	Debt Service	378,743
General	TIF District	310,430
Fire and Emergency Services	Debt Service	33,154
Fire and Emergency Services	TIF District	56,915
PARCs and Storm Water	General	267,000
PARCs and Storm Water	Debt Service	172,399
PARCs and Storm Water	TIF District	113,831
Debt Service	Capital Projects	51,703
Capital Projects	General	280,715
Capital Projects	Fire and Emergency Services	13,907
Capital Projects	Debt Service	2,439,591
Capital Projects	TIF District	107,405
Nonmajor	General	23,340
TIF District	Capital Projects	433,500
TIF District	Debt Service	<u>861,399</u>
Total		<u>\$ 6,779,713</u>

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

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## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE H - INTERFUND TRANSFERS (Continued)**

Interfund transfers were 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) move revenues in excess of current year expenditures to other funds.

### **NOTE I - PENSION PLAN**

The City maintains a single-employer, defined benefit pension plan (Police and Fire Pension Retirement Fund) which covers all of its uniformed public safety employees and also participates in the state-wide Missouri Local Government Retirement System (LAGERS), an agent multiple-employer, defined benefit pension plan which covers all of the City's full-time general employees.

#### **1. Police and Fire Retirement Fund**

##### **General Information about the Plan**

###### ***Plan Description***

The City's Police and Fire Retirement Fund (the Plan) provides pensions for all of its uniformed public safety employees. The Plan was created and is governed by City ordinance. The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements. Information about the Plan is provided in a summary plan description.

###### ***Benefits Provided***

The Plan provides retirement and death benefits to plan members and beneficiaries in accordance with the ordinance establishing the Plan. The Plan may be amended under the provisions of the original ordinance.

Employees attaining the age of 60 or who have completed 30 years of service are entitled to annual lifetime benefits equal to 70% of the average base pay of the employee for the three years prior to the employee's date of termination of employment. The benefits are payable monthly.

If an employee terminates his or her employment with the police or fire departments and is not eligible for any other benefits under the Plan, the employee is entitled to a refund of his or her contributions plus interest credited at 5% per annum. If an employee terminates his or her employment with the police or fire departments and is eligible for benefits under the Plan (vesting is 100% after 15 years of service), the benefits would commence at the earlier of the attainment of age 60 or completion of 30 years of service. The amount of the benefits the employee is entitled to is 70% of the average base pay of the employee for the three years prior to the employee's termination date reduced proportionately for the number of years of service less than 30 years.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - PENSION PLAN (Continued)**

**1. Police and Fire Retirement Fund (Continued)**

The benefits are payable for life on a monthly basis (surviving spouse's benefits cease upon the earlier of death or remarriage). A one-time lump sum equal to the participants accumulated employee contributions, without interest, is payable after retirement at the earlier of age 60 or the 30<sup>th</sup> anniversary of employment.

Disability benefits are paid until the earlier of death or recovery from disability. Active employees who become disabled receive a 66⅔% of retirement base pay. An employee whose permanent and total disability did not result from the performance of duties after two years of service is entitled to annual benefits equal to the greater of 25% of retirement base pay or 70% of retirement base pay reduced proportionately for less than 30 years of service at the date of disability.

If an active employee dies, the employee's beneficiary receives the following benefits:

**Funeral death benefit** -- \$5,000 lump sum payment.

**Duty death benefit** -- A monthly annuity equal to 50% of retirement base pay for an eligible spouse, plus an additional 5% for each unmarried child under age 20 payable monthly. A spouse's payments cease upon the earlier of death or remarriage. Children's payments cease upon the earlier of death, marriage, or the attainment of age 20.

**Nonduty death benefit** -- A monthly annuity equal to 25% of retirement base pay for an eligible spouse, plus an additional 5% for each unmarried child under age 20, subject to a total maximum benefit of 50% base pay. A spouse's payments cease upon the earlier of death or remarriage. Children's payments cease upon the earlier of death, marriage, or the attainment of age 20.

***Employees Covered by Benefit Terms***

At July 1, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>62</u>
Total	<u>103</u>

***Contributions***

Police and fire employees are required to contribute 3% of annual base pay to the Plan. The City assesses a tax of \$0.314 to \$0.320 per \$100 of assessed valuation for its contribution to the Plan. Contribution to the Plan is determined annually by City Ordinance.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 1. Police and Fire Retirement Fund (Continued)

##### *Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of July 1, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

##### *Actuarial Assumptions*

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increase	5%, including inflation
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

Mortality rates are based in the RP-2014 Blue Collar Health Annuitant Mortality Table projected 2 years after the valuation, with MP-2014 Mortality Improvement Scale. The margin for future mortality improvement is the projection 2 years after the valuation date.

The long-term expected rate of return on pension plan investments was determined using a model method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate Of Return</u>
Equity	65.00 %	6.50 %
Fixed income	<u>35.00</u>	3.56
Total	<u><u>100.00</u></u> %	

##### *Discount Rate*

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: 1) a long-term expected rate of return on pension plan invest-

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 1. Police and Fire Retirement Fund (Continued)

ments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.5%; the municipal bond rate is 3.56% (as defined) and the resulting single discount rate is 6.5%.

#### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
<b>Balances at June 30, 2016</b>	<u>\$ 38,630,931</u>	<u>47,521,801</u>	<u>(8,890,870)</u>
<b>Changes for the year</b>			
Service cost	1,062,741	-	1,062,741
Interest	2,673,241	-	2,673,241
Differences between expected and actual experience	356,646	-	356,646
Changes in assumptions	2,632,764	-	2,632,764
Contributions - employer	-	934,079	(934,079)
Contributions - employee	-	130,672	(130,672)
Net investment income	-	6,651,716	(6,651,716)
Benefit payments, including refunds	(1,946,297)	(1,946,297)	-
Administrative expense	-	(20,205)	20,205
Net Changes	<u>4,779,095</u>	<u>5,749,965</u>	<u>(970,870)</u>
<b>Balances at June 30, 2017</b>	<u>\$ 43,410,026</u>	<u>53,271,766</u>	<u>(9,861,740)</u>

#### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.5%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability (asset)	\$ (4,071,176)	(9,861,740)	(14,679,768)

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 1. Police and Fire Retirement Fund (Continued)

##### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the City recognized pension expense of \$1,140,773. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences between expected and actual experience	\$ 303,649	(952,092)	(648,443)
Assumption changes	2,376,548	-	2,376,548
Net difference between projected and actual earnings on pension plan investments	<u>3,341,553</u>	<u>(2,685,401)</u>	<u>656,152</u>
Total	<u>\$ 6,021,750</u>	<u>(3,637,493)</u>	<u>2,384,257</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For The Years Ending June 30</u>	
2018	\$ 810,223
2019	810,223
2020	359,173
2021	(363,652)
2022	444,224
2023	<u>324,066</u>
Total	<u>\$ 2,384,257</u>

##### ***Plan Description***

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 2. LAGERS

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 the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org). Amounts include the component unit which is not able to be separated.

#### *Benefits Provided*

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

#### 2017 Valuation

Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

#### *Employees Covered by Benefit Terms*

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees and beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>61</u>
Total	<u>135</u>

#### *Contributions*

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 2. LAGERS (Continued)

finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City contribute 4% of their gross pay to the pension plan. The City contribution rates are 4.5% (General) of annual covered payroll.

#### *Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

#### *Actuarial Assumptions*

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuity mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality table used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 2. LAGERS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.29%
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic assets	10.00	5.73

#### *Discount Rate*

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

#### Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
<b>Balances at June 30, 2016</b>	<u>\$ 14,453,050</u>	<u>15,355,041</u>	<u>(901,991)</u>
<b>Changes for the year</b>			
Service cost	367,830	-	367,830
Interest	1,046,734	-	1,046,734
Difference between expected and actual experience	(45,109)	-	(45,109)
Contributions - employer	-	151,395	(151,395)
Contributions - employee	-	134,573	(134,573)
Net investment income	-	1,808,959	(1,808,959)
Benefit payments, including refunds	(399,043)	(399,043)	-
Administrative expense	-	(9,272)	9,272
Other	-	(91,845)	91,845
Net changes	<u>970,412</u>	<u>1,594,767</u>	<u>(624,355)</u>
<b>Balances at June 30, 2017</b>	<u>\$ 15,423,462</u>	<u>16,949,808</u>	<u>(1,526,346)</u>

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE I - PENSION PLAN (Continued)

#### 2. LAGERS (Continued)

##### *Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$ 1,038,061	(1,526,346)	(3,596,668)

##### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the employer recognized pension expense of \$604,253. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences between expected and actual experience	\$ -	(69,036)	(69,036)
Assumption changes	274,949	-	274,949
Net difference between projected and actual earnings on pension plan investments	435,780	-	435,780
Total	<u>\$ 710,729</u>	<u>(69,036)</u>	<u>641,693</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

##### **For The Plan Years Ending June 30**

2018	\$ 328,757
2019	328,758
2020	127,482
2021	<u>(143,304)</u>
Total	<u>\$ 641,693</u>

##### **Payable to the Pension Plan**

Included in accounts payable, the City reported a payable of \$22,472 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS**

**Plan Description**

The City provides a single-employer defined benefit plan that provides healthcare benefits to employees and their spouses who are eligible to retire once they have attained age 51 plus 12 years of service, or age 55 with 5 years of service for the general group of employees, or age 60 with any years of service or 30 years of service, regardless of age, for the police/fire group of employees. Coverage ceases upon eligibility for Medicare. Employees and spouses must be on the plan at time of retirement to be eligible to participate in the plan after retirement. Medical and prescription drug benefits are available to retirees in the City's insurance plan. Employees who meet retiree healthcare eligibility conditions may also purchase dental benefits until age 65 or eligible for Medicare, whichever is first. Retirees must contribute 100% of the retiree healthcare premiums for single/family coverage. The City's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any UAAL. Actuarial calculations are based on the OPEB provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations of the OPEB plan reflect a long-term perspective, involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and determine amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The latest actuarial valuation was for the plan year ended June 30, 2015 and the ARC and related amounts were determined through June 30, 2017. The City's annual OPEB cost for the current year and the related information are as follows:

	<b>For The OPEB Fiscal Year Ended June 30 2017</b>
Amortization of past service cost	\$ 33,051
Normal cost	63,945
Interest to end of fiscal year	-
ARC	96,996
Interest on net OPEB obligation	17,940
Adjustment to ARC	(16,334)
Annual OPEB Cost	98,602
Contributions made	(58,766)
Increase In Net OPEB Obligation	39,836
Net OPEB obligation at July 1	448,489
Net OPEB Obligation at June 30	<u>\$ 488,325</u>

The Plan was established by City Ordinance, which assigned the authority to establish and amend plan benefit provisions to the City. The contribution requirements of the City and plan members are established and may be amended by the City. The OPEB is expected to be liquidated by the General Fund.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### NOTE J - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

#### Required Supplemental Information

<b>Schedule Of Funding Progress</b>						
<b>Valuation For The Actuarial Years June 30</b>	<b>Actuarial Value Of Assets (1)</b>	<b>AAL (2)</b>	<b>UAAL (1)-(2)</b>	<b>Funded Ratio (1)/(2)</b>	<b>Covered Payroll</b>	<b>UAAL As A Percentage Of Covered Payroll</b>
2017	\$ -	\$ 849,269	(\$ 849,269)	- %	\$ 7,418,771	11%
2016	-	849,269	(849,269)	-	7,418,771	11
2015	-	849,269	(849,269)	-	7,418,771	11

<b>Schedule Of OPEB Costs And Employer Contributions</b>						
<b>For The Year Ended June 30</b>	<b>Contribution Made</b>	<b>OPEB Cost</b>		<b>ARC</b>		<b>OPEB Liability</b>
		<b>Amount</b>	<b>Percent Contributed</b>	<b>Amount</b>	<b>Percent Contributed</b>	
2017	\$ 58,766	\$ 98,602	60%	\$ 96,996	61%	\$ 488,325
2016	56,694	96,615	59	95,152	60	448,489
2015	53,034	94,638	56	93,324	57	408,568

Significant actuarial assumptions used in the valuation are as follows:

Latest valuation date	June 30, 2015
Valuation method	Individual entry-age actuarial cost method
Investment return	4% per annum
Amortization period and method	30 years, level percent open
Projected payroll and retirement benefit increases	3.5% to 7.2% for general group and 5% for police/fire group
Wage inflation rate	3.5% for general group and 3% for police/fire group
Mortality	1994 Group Annuity Mortality table for general group and 2014 Blue Collar Healthy Annuitant Mortality table for police/fire group
Healthcare cost trend	9% in 2015 grading to 4% in 2024

No separate audited GAAP - basis post-employment benefit plan report is available for the City's OPEB plan.

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE K - CONTINGENCIES AND COMMITMENTS**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. Various cases against the City are presently pending. It is management's opinion that any liability resulting from pending suits in excess of insurance coverage will not have a material effect on the basic financial statements of the City at June 30, 2017.

### **NOTE L - JOINT VENTURES**

The City has been in cooperation with other municipalities to create a joint dispatching service. The administration of the joint dispatching venture is overseen by a Board of Directors, comprised of the City Manager from each of the participating municipalities. This joint venture was developed in order to share operating costs thereby saving overall expenses incurred by each participating municipality. In addition, the joint effort is expected to improve equipment and increase the likelihood of obtaining grant funds. This joint venture has not currently enhanced or hindered the City's financial operations. The City remains liable for their representative share of current and potential liabilities. A separately issued financial report can be obtained for this entity at the City's finance department.

### **NOTE M - TAX INCREMENT REVENUES PLEDGED**

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds issued to finance certain improvements in the City. The bonds are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds per Note F is payable through November 2026. For the current year, principal and interest paid and total incremental tax revenues were \$1,491,555 and \$1,425,655, respectively.

The City entered into an agreement with Menard, Inc. to pledge City TIF revenues and Menard's CID revenues to be used towards repayment of the redevelopment project costs upon substantial completion. The project was considered substantially complete in September 2016. The amount of the City's obligation shall not exceed \$15,000,000 plus interest costs provided interest costs shall not exceed \$13,000,000 and gross total reimbursement payments not to exceed \$28,000,000. For the current year, payments made and total incremental tax revenues were \$804,854 and \$1,062,334, respectively.

### **NOTE N - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$13,180,969 of restricted net position, of that amount \$11,481,211 is restricted by enabling legislation.

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE O - TAX ABATEMENTS**

Under Chapter 353 of the Revised Statutes of Missouri (RSMO), real property tax abatement is available within “blighted areas”. Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. Under the 353 Abatement Program, the City had two tax abatements during fiscal year 2017 and property taxes abated under this program totaled approximately \$195,100.

### **NOTE P - FUTURE ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, amends GASB 45 as they relate to governmental employers that provide post-employment benefits other than pensions. GASB 75 will be effective for the year ending June 30, 2018. GASB 75 establishes procedures for measuring and recognizing the obligations associated with post-employment benefits other than pension. Also included in GASB 75 are amendments to the notes to the financial statements and requires supplemental information requirements.

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

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## **REQUIRED SUPPLEMENTAL INFORMATION**

### **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.

### **FIRE AND EMERGENCY SERVICES FUND**

The Fire and Emergency Services Fund is used to account for all financial transactions related to the fire and emergency services revenues and expenditures.

### **PARCs AND STORM WATER FUND**

The PARCs and Storm Water Fund is used to account for all financial transactions related to PARCs and storm water revenues and expenditures.

### **TIF DISTRICT FUND**

The TIF District Fund is used to account for the ad valorem real estate tax assessed and incremental sales taxes collected within the TIF district, which funds are to be utilized for promotion, maintenance, and improvements of the area.



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budget</b>
<b>REVENUES</b>				
Sales taxes	\$ 5,515,088	5,157,908	5,171,930	14,022
Utility taxes	1,750,500	1,692,000	1,670,376	(21,624)
Property taxes	1,525,700	1,525,700	1,446,182	(79,518)
Licenses and permits	1,562,875	1,418,145	1,522,691	104,546
Fines	378,847	208,847	187,635	(21,212)
Intergovernmental	361,610	361,610	370,869	9,259
Investment income	15,000	15,000	6,655	(8,345)
Contract income	19,331	19,331	19,331	-
Other	256,609	228,155	232,551	4,396
Total Revenues	<u>11,385,560</u>	<u>10,626,696</u>	<u>10,628,220</u>	<u>1,524</u>
<b>EXPENDITURES</b>				
General government:				
Administration	611,593	611,593	611,108	(485)
Finance	400,201	392,381	381,524	(10,857)
City council	87,086	81,771	76,305	(5,466)
Nondepartmental	2,241,485	2,241,485	2,235,132	(6,353)
Legal department	334,767	292,042	284,113	(7,929)
Contracted employees	3,295	2,065	1,611	(454)
City hall building	61,300	61,300	58,269	(3,031)
Total General Government	<u>3,739,727</u>	<u>3,682,637</u>	<u>3,648,062</u>	<u>(34,575)</u>
Public safety:				
Police	4,662,871	4,304,646	4,288,947	(15,699)
Disaster preparedness	2,901	2,901	2,210	(691)
Building	114,300	127,330	125,875	(1,455)
Total Public Safety	<u>4,780,072</u>	<u>4,434,877</u>	<u>4,417,032</u>	<u>(17,845)</u>
Public works:				
Inspections	559,020	525,495	522,139	(3,356)
Street maintenance	1,027,580	981,480	963,031	(18,449)
Building	36,000	36,000	28,306	(7,694)
Property at large	14,500	17,830	15,021	(2,809)
Total Public Works	<u>1,637,100</u>	<u>1,560,805</u>	<u>1,528,497</u>	<u>(32,308)</u>
Total Expenditures	<u>10,156,899</u>	<u>9,678,319</u>	<u>9,593,591</u>	<u>(84,728)</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>1,228,661</u>	<u>948,377</u>	<u>1,034,629</u>	<u>86,252</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,549,561	1,724,202	1,724,202	-
Transfers in	571,055	571,055	571,055	-
Transfers out	(2,013,336)	(1,924,854)	(1,924,854)	-
Total Other Financing Sources (Uses)	<u>1,107,280</u>	<u>370,403</u>	<u>370,403</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,335,941</u>	<u>1,318,780</u>	<u>1,405,032</u>	<u>86,252</u>
FUND BALANCE, JULY 1			<u>6,496,817</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 7,901,849</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET AND ACTUAL - FIRE AND EMERGENCY SERVICES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sales taxes	\$ 1,333,833	1,368,213	1,365,395	(2,818)
Property taxes	353,000	353,000	343,722	(9,278)
Charges for services	222,450	254,000	267,696	13,696
Other	14,668	14,668	532	(14,136)
Total Revenues	1,923,951	1,989,881	1,977,345	(12,536)
<b>EXPENDITURES</b>				
Public safety:				
Fire and EMS services	3,046,206	2,888,151	2,854,000	(34,151)
Capital outlay	10,293	10,293	10,273	(20)
Total Expenditures	3,056,499	2,898,444	2,864,273	(34,171)
<b>REVENUES UNDER EXPENDITURES</b>	(1,132,548)	(908,563)	(886,928)	21,635
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,250,074	1,249,588	1,249,588	-
Transfers out	(117,525)	(90,069)	(90,069)	-
Total Other Financing Sources (Uses)	1,132,549	1,159,519	1,159,519	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1</u>	<u>250,956</u>	272,591	<u>21,635</u>
<b>FUND BALANCE, JULY 1</b>			<u>638,379</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 910,970</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -**  
**BUDGET AND ACTUAL - PARCs AND STORM WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sales taxes	\$ 2,667,665	2,738,565	2,732,928	(5,637)
Charges for services	1,899,500	1,748,915	1,756,320	7,405
Intergovernmental	340,000	337,605	342,560	4,955
Other	56,050	20,410	14,087	(6,323)
Total Revenues	4,963,215	4,845,495	4,845,895	400
<b>EXPENDITURES</b>				
Parks and recreation	4,022,106	3,742,686	3,664,472	(78,214)
Capital outlay	462,200	408,810	411,123	2,313
Total Expenditures	4,484,306	4,151,496	4,075,595	(75,901)
<b>REVENUES OVER EXPENDITURES</b>	478,909	693,999	770,300	76,301
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	44,500	27,150	17,650	(9,500)
Transfers out	(624,152)	(553,230)	(553,230)	-
Total Other Financing Sources (Uses)	(579,652)	(526,080)	(535,580)	9,500
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (100,743)</u>	<u>167,919</u>	234,720	<u>66,801</u>
FUND BALANCE, JULY 1			<u>1,837,129</u>	
FUND BALANCE, JUNE 30			<u>\$ 2,071,849</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - TIF DISTRICT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sales taxes	\$ 294,271	386,799	386,799	-
Property taxes	1,069,471	1,138,278	1,134,661	(3,617)
Other	-	28,577	125,656	97,079
Total Revenues	1,363,742	1,553,654	1,647,116	93,462
<b>EXPENDITURES</b>				
General government	1,075,585	958,931	883,138	(75,793)
<b>REVENUES OVER EXPENDITURES</b>	288,157	594,723	763,978	169,255
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,065,585	588,581	588,581	-
Transfers out	(1,358,176)	(1,294,899)	(1,294,899)	-
Total Other Financing Sources (Uses)	(292,591)	(706,318)	(706,318)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,434)</u>	<u>(111,595)</u>	57,660	<u>169,255</u>
<b>FUND BALANCE, JULY 1</b>			889,632	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 947,292</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES**  
**TO SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**Budgets and Budgetary Accounting**

The City Council annually adopts budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds of the primary government. All appropriations are legally controlled at the departmental level for the individual funds. On June 20, 2016, the City Council formally approved the original adopted budget and on November 20, 2017 approved the revised budget reflected in the financial statements.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed operating expenditures, capital expenditures, and the means for financing them.
- b. Public hearings are conducted to obtain comments from all interested parties.
- c. The budget for the coming year is formally adopted on or before the last day of the current fiscal year.
- d. The City Manager is authorized to transfer budgeted amounts within any department. The City Council may, by ordinance, transfer part or all of an unencumbered appropriation balance from one department to another.
- e. Under Missouri law, expenditures may not legally exceed budgeted appropriations at the fund level. If expenditures for a fund exceed the budget, either then the budget must be amended or the City Council must pass a resolution authorizing the expenditures in excess of the budget.

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedule for the General, Special Revenue, Debt Service, and Capital Projects Funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. All annual appropriations lapse at fiscal year-end. Encumbrances are reappropriated to the ensuing year's budget.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**CHANGE IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -**  
**POLICE AND FIRE PENSION RETIREMENT FUND**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service cost	\$ 1,062,741	1,031,787	1,087,127
Interest on the total pension liability	2,673,241	2,551,238	2,683,410
Differences between expected and actual experience	356,646	-	(1,745,103)
Changes in assumptions	2,632,764	-	247,466
Benefit payments	<u>(1,946,297)</u>	<u>(1,764,927)</u>	<u>(1,390,595)</u>
Net Change In Total Pension Liability	4,779,095	1,818,098	882,305
 Total Pension Liability Beginning	 <u>38,630,931</u>	 <u>36,812,833</u>	 <u>35,930,528</u>
 Total Pension Liability Ending (a)	 <u><u>\$ 43,410,026</u></u>	 <u><u>38,630,931</u></u>	 <u><u>36,812,833</u></u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 934,079	978,275	974,032
Contributions - employee	130,672	127,625	129,032
Net investment income	6,651,716	(668,404)	1,322,687
Benefit payments	(1,946,297)	(1,764,927)	(1,390,595)
Administrative expense	<u>(20,205)</u>	<u>(27,493)</u>	<u>(16,304)</u>
Net Change In Plan Fiduciary Net Position	5,749,965	(1,354,924)	1,018,852
 Plan Fiduciary Net Position Beginning	 <u>47,521,801</u>	 <u>48,876,725</u>	 <u>47,857,873</u>
 Plan Fiduciary Net Position Ending (b)	 <u><u>\$ 53,271,766</u></u>	 <u><u>47,521,801</u></u>	 <u><u>48,876,725</u></u>
 <b>Net Pension Liability (Asset) (a)-(b)</b>	 <u><u>\$ (9,861,740)</u></u>	 <u><u>(8,890,870)</u></u>	 <u><u>(12,063,892)</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 122.72 %	 123.01	 132.77
 Covered Employee Payroll	 \$ 4,490,233	 4,195,622	 4,195,622
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	 (219.63) %	 (211.91)	 (287.54)

Note: Information is not available for fiscal years prior to 2015.

Additional years' information will be displayed as it becomes available, up to 10 years.

**CITY OF RICHMOND HEIGHTS, MISSOURI**

**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - POLICE AND FIRE PENSION RETIREMENT FUND**

**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 920,537	893,725	944,580	871,489	1,025,352	1,005,942	613,929	613,929	676,723	676,723
Contributions in relation to the actuarially determined contribution	934,079	978,275	974,030	947,841	1,023,343	966,492	955,307	907,796	983,666	991,493
Contribution Deficiency (Excess)	<u>\$ (13,542)</u>	<u>(84,550)</u>	<u>(29,450)</u>	<u>(76,352)</u>	<u>2,009</u>	<u>39,450</u>	<u>(341,378)</u>	<u>(293,867)</u>	<u>(306,943)</u>	<u>(314,770)</u>
Covered Employee Payroll	\$ 4,490,233	4,195,622	4,195,622	4,249,264	4,249,264	4,012,371	4,012,371	3,800,707	3,800,707	3,698,816
Contributions as a Percentage of Covered Employee Payroll	20.80 %	23.32	23.22	22.31	24.08	24.09	23.81	23.88	25.88	26.81

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of July 1 of odd numbered years

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal
Amortization method	Level percent of payroll, open for positive UAAL, zero if negative
Remaining amortization period	30 years
Asset valuation method	4 year smoothed market; 20% corridor
Inflation	2.5%
Salary increases	5%, including inflation
Investment rate of return	6.5%
Retirement age	Age and service-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table projected 2 years after the valuation, with MP-2014 Mortality Improvement Scale. The margin for future mortality improvement is the projection 2 years after the valuation date

Other information:

Assumption changes are reflected in the TPL as of July 1, 2017.

Participants and beneficiaries in pay status prior to July 1, 1987 are assumed to receive 4% cost-of-living increases per year. After July 1, 1987, 5% to age 55 NRA for retirees. Surviving spouse annual benefit adjustments do not cease.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGE**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAGERS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service cost	\$ 367,830	347,611	369,857
Interest on the total pension liability	1,046,734	947,012	892,315
Differences between expected and actual experience	(45,109)	(3,428)	(80,690)
Changes of assumptions	-	499,867	-
Benefit payments, including refunds	(399,043)	(451,076)	(382,342)
Net Change In Total Pension Liability	970,412	1,339,986	799,140
 Total Pension Liability Beginning	 14,453,050	 13,113,064	 12,313,924
 Total Pension Liability Ending (a)	 <u>\$ 15,423,462</u>	 <u>14,453,050</u>	 <u>13,113,064</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 151,395	176,558	241,228
Contributions - employee	134,573	121,823	126,617
Net investment income	1,808,959	(29,883)	311,975
Benefit payments, including refunds	(399,043)	(451,076)	(382,342)
Administrative expense	(9,272)	(9,001)	(9,320)
Other	(91,845)	71,444	407,204
Net Change In Plan Fiduciary Net Position	1,594,767	(120,135)	695,362
 Plan Fiduciary Net Position Beginning	 15,355,041	 15,475,176	 14,779,814
 Plan Fiduciary Net Position Ending (b)	 <u>\$ 16,949,808</u>	 <u>15,355,041</u>	 <u>15,475,176</u>
 <b>Net Pension Liability (Asset) (a)-(b)</b>	 <u>\$ (1,526,346)</u>	 <u>(901,991)</u>	 <u>(2,362,112)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 109.90 %	 106.24	 118.01
 Covered Employee Payroll	 \$ 3,338,436	 3,008,354	 2,963,799
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	 (45.72) %	 (29.98)	 (79.70)

Note: Information is not available for fiscal years prior to 2015.

Additional years' information will be displayed as it becomes available, up to 10 years.



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - LAGERS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 151,395	176,859	240,926	290,522	367,432	369,382	346,022	240,882	228,527	236,287
Contributions in relation to the actuarially determined contribution	151,395	176,859	240,926	290,522	367,432	341,276	285,183	240,882	228,501	236,287
Contribution Deficiency (Excess)	\$ -	-	-	-	-	28,106	60,839	-	26	-
Covered Employee Payroll	\$ 3,364,337	3,049,294	2,974,400	3,339,337	4,082,578	4,015,017	3,802,445	3,705,877	3,462,524	3,327,986
Contributions as a Percentage of Covered Employee Payroll	4.50 %	5.80	8.10	8.70	9.00	8.50	7.50	6.50	6.60	7.10

Notes to schedule:

Valuation date:

Actuarially determined contribution rates and covered employee payroll are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 15 to 19 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25% net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables used were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 54,210	54,210	54,443	233
Investment income	31,360	62,523	63,388	865
Total Revenues	85,570	116,733	117,831	1,098
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,053,134	4,731,967	4,731,967	-
Interest	917,265	919,605	919,605	-
Fiscal charges	80,375	18,801	8,708	(10,093)
Total Expenditures	6,050,774	5,670,373	5,660,280	(10,093)
<b>REVENUES UNDER EXPENDITURES</b>	(5,965,204)	(5,553,640)	(5,542,449)	11,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,342,867	3,885,663	3,885,286	(377)
Transfers out	(433,500)	(51,703)	(51,703)	-
Total Other Financing Sources (Uses)	3,909,367	3,833,960	3,833,583	(377)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,055,837)</u>	<u>(1,719,680)</u>	(1,708,866)	<u>10,814</u>
<b>FUND BALANCE, JULY 1</b>			<u>3,147,042</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 1,438,176</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sales taxes	\$ 2,267,515	2,364,415	2,370,063	5,648
Property taxes	266,663	266,663	248,353	(18,310)
Intergovernmental	331,500	306,448	304,948	(1,500)
Investment income	11,100	11,100	5,644	(5,456)
Other	135,000	135,000	85,780	(49,220)
Total Revenues	3,011,778	3,083,626	3,014,788	(68,838)
<b>EXPENDITURES</b>				
General government:				
Administration	34,200	31,200	30,308	(892)
City council	2,700	2,700	2,500	(200)
Finance	98,226	68,226	60,871	(7,355)
Nondepartmental	256,450	229,780	229,407	(373)
Legal	2,100	2,100	879	(1,221)
City hall building	15,800	12,000	11,936	(64)
Total General Government	409,476	346,006	335,901	(10,105)
Public safety:				
Fire	-	23,715	39,494	15,779
Police	91,067	85,767	85,233	(534)
Building	3,000	3,045	3,045	-
Total Public Safety	94,067	112,527	127,772	15,245
Public works:				
Inspections	13,000	13,000	12,558	(442)
Street maintenance	1,332,500	1,196,300	1,182,595	(13,705)
Building	-	140,043	75,043	(65,000)
Total Public Works	1,345,500	1,349,343	1,270,196	(79,147)
Parks and recreation	40,000	43,316	43,308	(8)
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	76,238	76,238	76,238	-
Fiscal charges	5,600	5,600	390	(5,210)
Total Debt Service	266,838	266,838	261,628	(5,210)
Total Expenditures	2,155,881	2,118,030	2,038,805	(79,225)
<b>REVENUES OVER EXPENDITURES</b>	855,897	965,596	975,983	10,387
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,992,009	3,869,579	3,926,475	56,896
Transfers in	433,500	485,203	485,203	-
Transfers out	(2,892,317)	(2,841,995)	(2,841,618)	377
Total Other Financing Sources (Uses)	533,192	1,512,787	1,570,060	57,273
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,389,089</u>	<u>2,478,383</u>	2,546,043	67,660
<b>FUND BALANCE, JULY 1</b>			2,861,619	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 5,407,662</u>	

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

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## **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 of major capital projects) that are legally restricted to expenditures for specific purposes.

**Sewer Lateral Fund** -- This fund is used to account for special assessments to be utilized for maintenance of lateral sewer lines within the City.

**Federal 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.

**Court Costs - Training Fund** -- This fund is used to account for monies received from fees charged on tickets issued to be used for police officers and municipal court judge and staff education and training.

**Biometric Inmate Security Fund** -- This fund is used to account for monies received from fees charged on tickets issued to be utilized to develop and maintain biometric verification systems which ensure that inmates can be properly identified and tracked within the local jail system.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>Sewer Lateral Fund</b>	<b>Federal Forfeitures Fund</b>	<b>Court Costs - Training Fund</b>	<b>Biometric Inmate Security Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 46,800	137,323	63,053	7,153	254,329
Investments	-	99,746	-	-	99,746
Receivables:					
Sales taxes	1,306	-	-	-	1,306
Other	-	-	-	2,487	2,487
Prepays	-	1,100	-	-	1,100
	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>1,100</u>
Total Assets	<u>\$ 48,106</u>	<u>238,169</u>	<u>63,053</u>	<u>9,640</u>	<u>358,968</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 68	867	414	231	1,580
Due to other funds	-	-	-	7,320	7,320
Total Liabilities	<u>68</u>	<u>867</u>	<u>414</u>	<u>7,551</u>	<u>8,900</u>
<b>Fund Balances</b>					
Nonspendable	-	1,100	-	-	1,100
Restricted:					
Sewer lateral	48,038	-	-	-	48,038
Court training	-	-	62,639	-	62,639
Federal forfeitures	-	236,202	-	-	236,202
Inmate security	-	-	-	2,089	2,089
Total Fund Balances	<u>48,038</u>	<u>237,302</u>	<u>62,639</u>	<u>2,089</u>	<u>350,068</u>
Total Liabilities And Fund Balances	<u>\$ 48,106</u>	<u>238,169</u>	<u>63,053</u>	<u>9,640</u>	<u>358,968</u>

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT**  
**OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Sewer Lateral Fund</b>	<b>Federal Forfeitures Fund</b>	<b>Court Costs - Training Fund</b>	<b>Biometric Inmate Security Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Charges for services	\$ 123,990	-	-	-	123,990
Intergovernmental	-	67,902	6,107	24,519	98,528
Total Revenues	<u>123,990</u>	<u>67,902</u>	<u>6,107</u>	<u>24,519</u>	<u>222,518</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	8,631	16,654	21,259	46,544
Public works	85,549	-	-	-	85,549
Total Expenditures	<u>85,549</u>	<u>8,631</u>	<u>16,654</u>	<u>21,259</u>	<u>132,093</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>38,441</u>	<u>59,271</u>	<u>(10,547)</u>	<u>3,260</u>	<u>90,425</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(23,340)	-	-	-	(23,340)
Total Other Financing Sources (Uses)	<u>(23,340)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,340)</u>
<b>NET CHANGES IN FUND BALANCES</b>	15,101	59,271	(10,547)	3,260	67,085
FUND BALANCES, JULY 1	<u>32,937</u>	<u>178,031</u>	<u>73,186</u>	<u>(1,171)</u>	<u>282,983</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 48,038</u>	<u>237,302</u>	<u>62,639</u>	<u>2,089</u>	<u>350,068</u>

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SEWER LATERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 115,000	123,990	123,990	-
<b>EXPENDITURES</b>				
Public works	90,750	85,750	85,549	(201)
<b>REVENUES OVER EXPENDITURES</b>	24,250	38,240	38,441	201
<b>OTHER FINANCING USES</b>				
Transfers out	(23,340)	(23,340)	(23,340)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 910</u>	<u>14,900</u>	15,101	<u>201</u>
FUND BALANCE, JULY 1			<u>32,937</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 48,038</u>	



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - FEDERAL FORFEITURES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	
<b>REVENUES</b>				
Intergovernmental	\$ 34,000	68,180	67,902	(278)
<b>EXPENDITURES</b>				
Public safety	<u>9,550</u>	<u>11,250</u>	<u>8,631</u>	<u>(2,619)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 24,450</u></b>	<b><u>56,930</u></b>	<b><u>59,271</u></b>	<b><u>2,341</u></b>
<b>FUND BALANCE, JULY 1</b>			<u>178,031</u>	
<b>FUND BALANCE, JUNE 30</b>			<u><u>\$ 237,302</u></u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - COURT COSTS - TRAINING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 15,815	6,098	6,107	9
<b>EXPENDITURES</b>				
Public safety	<u>23,605</u>	<u>18,105</u>	<u>16,654</u>	<u>(1,451)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (7,790)</u>	<u>(12,007)</u>	(10,547)	<u>1,460</u>
FUND BALANCE, JULY 1			<u>73,186</u>	
FUND BALANCE, JUNE 30			<u>\$ 62,639</u>	

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BIOMETRIC INMATE SECURITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental	\$ 25,370	20,300	24,519	4,219
<b>EXPENDITURES</b>				
Public safety	<u>22,960</u>	<u>22,960</u>	<u>21,259</u>	<u>(1,701)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,410</u>	<u>(2,660)</u>	3,260	<u>5,920</u>
FUND BALANCE, JULY 1			<u>(1,171)</u>	
<b>FUND BALANCE, JUNE 30</b>			<u>\$ 2,089</u>	

# **CITY OF RICHMOND HEIGHTS, MISSOURI**

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## **OTHER SUPPLEMENTAL INFORMATION**

### **FIDUCIARY FUND TYPE - TRUST AND AGENCY FUNDS**

Trust Funds are used to account for assets held by the City in a trustee capacity. Agency Funds are used to account for assets held by the City as an agent for individual, private organizations, other governments, and/or other funds.

**Police and Fire Pension Trust Fund** -- This fund is used to account for assets held in a trustee capacity for the City's police officers and fire fighters.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - STATEMENT OF CHANGE**  
**IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL -**  
**POLICE AND FIRE PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>ADDITIONS</b>			
Investment income:			
Interest and dividends earned	\$ 485,000	533,985	48,985
Net appreciation in fair value of investments	3,408,550	6,268,751	2,860,201
Total Investment Income	3,893,550	6,802,736	2,909,186
Less - Investment management and custo- dial fees	150,410	151,020	610
Net Investment Income	3,743,140	6,651,716	2,908,576
Contributions:			
Employer	991,515	934,079	(57,436)
Employees	133,305	130,672	(2,633)
Total Contributions	1,124,820	1,064,751	(60,069)
Total Additions	4,867,960	7,716,467	2,848,507
<b>DEDUCTIONS</b>			
Benefit payments	2,094,387	1,946,297	(148,090)
Administration	17,520	20,205	2,685
Total Deductions	2,111,907	1,966,502	(145,405)
<b>CHANGE IN NET POSITION</b>	<u>\$ 2,756,053</u>	5,749,965	<u>2,993,912</u>
<b>NET POSITION - RESTRICTED FOR PENSIONS, BEGINNING OF YEAR</b>		<u>47,521,800</u>	
<b>NET POSITION - RESTRICTED FOR PENSIONS END OF YEAR</b>		<u>\$ 53,271,765</u>	

**SECTION III**  
**STATISTICAL INFORMATION SECTION**

# CITY OF RICHMOND HEIGHTS, MISSOURI

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## STATISTICAL INFORMATION

### STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78 - 83
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax.	84 - 91
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	92 - 94
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95 - 96
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97 - 99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	<b>June 30</b>									
	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>FUNCTIONS/PROGRAMS</b>										
Governmental activities:										
Net investment in capital assets	\$ 28,607,009	28,191,395	23,407,018	20,289,149	18,403,712	15,219,705	14,897,573	11,798,156	13,280,505	14,689,405
Restricted	13,180,969	11,907,794	14,278,297	14,179,459	14,484,810	16,267,955	11,938,251	14,453,456	12,994,439	14,314,729
Unrestricted net position	<u>9,016,784</u>	<u>7,210,553</u>	<u>7,306,226</u>	<u>5,826,884</u>	<u>(9,558,663)</u>	<u>(10,435,970)</u>	<u>(8,903,524)</u>	<u>(9,785,343)</u>	<u>(10,982,420)</u>	<u>(12,194,543)</u>
Total	<u><u>\$ 50,804,762</u></u>	<u><u>47,309,742</u></u>	<u><u>44,991,541</u></u>	<u><u>40,295,492</u></u>	<u><u>23,329,859</u></u>	<u><u>21,051,690</u></u>	<u><u>17,932,300</u></u>	<u><u>16,466,269</u></u>	<u><u>15,292,524</u></u>	<u><u>16,809,591</u></u>

Source: Basic financial statement, statement of net position

For June 30, 2014 - Retroactive recognition of GASB 68.



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>EXPENSES</b>										
Primary Government:										
Governmental activities:										
General government	\$ 5,558,744	4,609,203	4,338,596	4,876,286	5,782,285	4,177,155	4,293,701	4,173,768	4,582,901	4,016,998
Public safety	8,210,497	8,170,128	7,140,862	7,728,784	8,292,170	8,818,658	8,096,076	7,875,540	8,258,081	8,032,577
Public works	2,253,053	2,281,492	1,790,743	1,697,232	801,201	2,550,048	2,196,392	2,306,091	4,775,815	5,482,625
Parks and recreation	4,262,573	3,835,240	3,431,657	3,667,856	4,143,726	2,496,761	3,340,989	3,268,705	2,769,128	3,040,643
Interest and fiscal changes	803,449	1,054,878	1,214,776	1,519,028	1,591,372	1,590,982	1,733,558	1,678,683	1,691,546	1,858,279
Total Primary Government Expenses	21,088,316	19,950,941	17,916,634	19,489,186	20,610,754	19,633,604	19,660,716	19,302,787	22,077,471	22,431,122
<b>PROGRAM REVENUES</b>										
Primary Government:										
Charges for services:										
General government	1,522,691	1,423,913	1,539,468	1,199,257	1,214,428	1,220,027	1,302,955	1,031,366	1,009,397	1,287,255
Public safety	477,993	465,844	775,573	1,054,133	2,521,639	2,341,926	2,310,737	2,309,050	2,046,499	1,996,505
Public works	123,990	130,404	115,967	91,836	90,644	89,730	91,615	90,728	89,369	90,423
Parks and recreation	2,110,794	2,294,186	2,174,340	2,117,212	2,108,739	2,181,291	2,130,375	2,045,469	1,999,468	2,064,399
Operating grants and contributions	803,395	792,913	853,115	722,795	735,240	741,819	800,825	820,813	754,461	821,549
Capital grants and contributions	-	995,040	1,437,829	3,487,211	164,719	736,490	230,617	100,375	618,768	761,919
Total Primary Government Program Revenues	5,038,863	6,102,300	6,896,292	8,672,444	6,835,409	7,311,283	6,867,124	6,397,801	6,517,962	7,022,050
<b>NET REVENUES (EXPENSES)</b>	(16,049,453)	(13,848,641)	(11,020,342)	(10,816,742)	(13,775,345)	(12,322,321)	(12,793,592)	(12,904,986)	(15,559,509)	(15,409,072)
<b>GENERAL REVENUES AND OTHER CHANGE IN NET POSITION</b>										
Primary Government:										
Governmental activities:										
Taxes:										
Sales	12,027,115	11,121,570	10,651,737	10,461,245	10,878,304	10,454,703	9,385,696	8,727,592	8,813,849	9,474,020
Utility	1,670,376	1,707,403	1,745,272	1,803,616	1,792,908	1,722,582	1,763,470	1,862,192	1,569,348	1,982,682
Property	2,990,167	2,777,445	2,809,225	2,764,008	2,733,195	2,665,034	2,878,630	2,742,155	2,786,371	2,682,232
Interest and investment earnings	71,236	87,732	118,621	183,669	111,337	257,616	187,268	346,028	681,548	590,611
Gain on sale of capital assets	2,322,261	-	71,238	-	-	54,752	43,863	-	-	-
Other	463,318	472,692	320,298	380,634	537,770	287,024	332,246	261,579	191,326	212,912
Total Primary Government	19,544,473	16,166,842	15,716,391	15,593,172	16,053,514	15,441,711	14,591,173	13,939,546	14,042,442	14,942,457
<b>CHANGE IN NET POSITION BEFORE RESTATEMENT</b>	3,495,020	2,318,201	4,696,049	4,776,430	2,278,169	3,119,390	1,797,581	1,034,560	(1,517,067)	(466,615)
RESTATEMENT	-	-	-	-	-	-	(331,550)	139,185	-	478,540
<b>CHANGE IN NET POSITION</b>	\$ 3,495,020	2,318,201	4,696,049	4,776,430	2,278,169	3,119,390	1,466,031	1,173,745	(1,517,067)	11,925

Source: Basic financial statement, statement of activities

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Nonspendable	-	7,051	-	5,174	6,340	3,166	18,983	-	-	-
Restricted	-	-	81,075	81,749	80,166	-	18,754	-	-	-
Committed	-	-	-	-	40,053	50,000	25,000	-	-	-
Assigned	17,258	8,725	8,110	876,226	178,077	-	-	-	-	-
Unassigned	7,884,591	6,481,041	6,995,612	6,919,465	8,073,421	8,060,214	8,001,122	-	-	-
Reserved:										
Prepaid items	-	-	-	-	-	-	-	-	3,795	1,640
Unreserved	-	-	-	-	-	-	-	8,022,330	7,901,502	7,845,141
<b>Total General Fund</b>	<u>\$ 7,901,849</u>	<u>6,496,817</u>	<u>7,084,797</u>	<u>7,882,614</u>	<u>8,378,057</u>	<u>8,113,380</u>	<u>8,063,859</u>	<u>8,022,330</u>	<u>7,905,297</u>	<u>7,846,781</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 3,598	2,385	3,319	3,394	-	1,609	-	-	-	-
Restricted	10,211,677	9,017,660	11,468,661	11,366,278	11,571,548	13,206,825	9,751,572	-	-	-
Committed	910,742	637,910	350,196	164,953	147,191	559,342	385,105	-	-	-
Assigned	-	-	-	-	-	-	97,867	-	-	-
Unassigned	-	(1,171)	-	-	-	-	(884,573)	-	-	-
Reserved:										
Prepaid items	-	-	-	-	-	-	-	7,267	8,056	-
Encumbrances	-	-	-	-	-	-	-	-	103,956	37,564
Debt service	-	-	-	-	-	-	-	7,035,376	3,419,346	3,818,103
Unreserved:										
Special Revenue Funds	-	-	-	-	-	-	-	2,810,976	3,182,244	4,106,163
Capital Projects Fund	-	-	-	-	-	-	-	1,658,350	3,278,854	3,154,147
<b>Total All Other Gov-     ernmental Funds</b>	<u>\$ 11,126,017</u>	<u>9,656,784</u>	<u>11,822,176</u>	<u>11,534,625</u>	<u>11,718,739</u>	<u>13,767,776</u>	<u>9,349,971</u>	<u>11,511,969</u>	<u>9,992,456</u>	<u>11,115,977</u>

Source: Basic financial statement, balance sheet

For fiscal year 2011 - GASB Statement No. 54 was implemented.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>REVENUES</b>										
Taxes	\$ 16,870,409	15,795,012	15,388,592	15,183,244	15,541,806	14,994,594	14,133,264	13,418,919	13,243,545	14,248,934
Licenses, permits, and fines	1,710,326	1,640,835	2,021,614	1,899,447	1,977,950	1,906,922	2,104,714	1,815,721	1,704,840	1,896,201
Charges for services	2,148,006	2,293,914	2,162,962	2,105,678	2,110,458	2,207,835	2,149,320	2,096,969	1,996,580	2,046,583
Intergovernmental	1,171,348	2,159,497	2,126,773	2,236,000	1,240,003	1,819,589	1,373,821	1,268,177	1,710,229	1,910,468
Investment income	75,687	87,732	118,621	183,669	111,337	258,174	187,257	346,028	681,548	590,611
Contract income	19,331	20,348	20,204	19,931	1,400,282	1,339,173	1,196,500	1,199,170	1,119,012	1,158,966
Other	458,606	324,206	375,787	466,209	714,202	362,920	478,601	301,489	230,367	273,648
Total Revenues	22,453,713	22,321,544	22,214,553	22,094,178	23,096,038	22,889,207	21,623,477	20,446,473	20,686,121	22,125,411
<b>EXPENDITURES</b>										
General government	4,531,200	3,433,905	3,697,292	3,700,877	4,921,147	4,758,821	4,427,349	4,396,070	4,252,327	4,024,096
Public safety	7,317,576	7,303,052	7,371,076	7,397,201	7,088,963	7,031,762	6,950,085	6,681,774	6,968,140	6,560,640
Public works	1,614,046	1,489,297	1,627,805	1,686,846	1,596,639	1,584,359	1,544,817	1,478,787	1,418,462	1,401,283
Parks and recreation	3,664,472	3,284,070	3,189,129	3,282,606	3,194,663	3,059,384	2,954,844	2,887,985	2,945,075	2,797,288
Capital outlay	2,198,573	5,638,668	2,402,582	3,165,921	3,432,139	2,440,223	3,831,266	3,652,689	1,934,029	2,593,625
Debt service principal	4,916,967	3,117,999	3,209,150	5,605,417	2,936,796	2,770,000	2,395,000	2,035,000	2,380,000	2,255,000
Debt service interest	995,843	1,170,994	1,317,688	1,566,243	1,690,045	1,666,518	1,775,785	1,651,742	1,808,966	1,888,323
Issuance costs and charges	9,098	18,436	18,082	133,766	20,006	84,845	3,983	95,457	83,962	8,875
Total Expenditures	25,247,775	25,456,421	22,832,804	26,538,877	24,880,398	23,395,912	23,883,129	22,879,504	21,790,961	21,529,130
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,794,062)	(3,134,877)	(618,251)	(4,444,699)	(1,784,360)	(506,705)	(2,259,652)	(2,433,031)	(1,104,840)	596,281
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from sale of capital assets	5,668,327	381,505	107,985	3,765,142	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	4,758,278	-	4,000,000	-	-
Proceeds from refunding of long-term debt	-	-	-	-	-	-	-	-	2,350,000	-
Payment of refunded bonds	-	-	-	-	-	-	-	-	(2,350,000)	-
Premium on issuance of long-term debt	-	-	-	-	-	215,753	-	69,577	39,835	-
Transfers in	6,779,713	5,838,433	5,817,621	6,658,674	6,651,393	5,664,255	6,407,139	4,964,490	4,565,980	5,133,774
Transfers out	(6,779,713)	(5,838,433)	(5,817,621)	(6,658,674)	(6,651,393)	(5,664,255)	(6,407,139)	(4,964,490)	(4,565,980)	(5,133,774)
Total Other Financing Sources (Uses)	5,668,327	381,505	107,985	3,765,142	-	4,974,031	-	4,069,577	39,835	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 2,874,265</u>	<u>(2,753,372)</u>	<u>(510,266)</u>	<u>(679,557)</u>	<u>(1,784,360)</u>	<u>4,467,326</u>	<u>(2,259,652)</u>	<u>1,636,546</u>	<u>(1,065,005)</u>	<u>596,281</u>
Debt service as a percentage of total noncapital expenditures	25.28 %	21.00	20.20	34.43	21.21	21.22	20.15	18.59	20.83	21.78

Source: Basic financial statements

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**GENERAL GOVERNMENT EXPENDITURES COMPARATIVE SCHEDULES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended June 30</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Parks And Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
2017	\$ 4,531,200	\$ 7,317,576	\$ 1,614,046	\$ 3,664,472	\$ 2,198,573	\$ 5,921,908	\$ 25,247,775
2016	3,433,905	7,303,052	1,489,297	3,284,070	5,638,668	4,307,429	25,456,421
2015	3,697,292	7,371,076	1,627,805	3,189,129	2,402,582	4,544,920	22,832,804
2014	3,700,877	7,397,201	1,686,846	3,282,606	3,165,921	7,305,426	26,538,877
2013	4,921,147	7,088,963	1,596,639	3,194,663	3,432,139	4,646,847	24,880,398
2012	4,758,821	7,031,762	1,584,359	3,059,384	2,440,223	4,521,363	23,395,912
2011	4,427,349	6,910,302	1,584,602	2,954,844	3,831,266	4,174,768	23,883,131
2010	4,396,070	6,681,774	1,478,787	2,887,985	3,652,689	3,782,199	22,879,504
2009	4,252,327	6,968,140	1,418,462	2,945,075	1,934,029	4,272,928	21,790,961
2008	4,024,096	6,560,640	1,401,283	2,797,288	2,593,625	4,152,198	21,529,130

(1) Included General, Special Revenue, Debt Service, and Capital Projects Funds

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**GENERAL GOVERNMENT REVENUES COMPARATIVE SCHEDULES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended June 30</b>	<b>Taxes</b>	<b>Licenses, Permits, And Fines</b>	<b>Charges For Services</b>	<b>Intergovernmental</b>	<b>Investment Income</b>	<b>Other</b>	<b>Total</b>
2017	\$ 16,870,409	\$ 1,710,326	\$ 2,148,006	\$ 1,171,348	\$ 75,687	\$ 477,937	\$ 22,453,713
2016	15,795,012	1,640,835	2,293,914	2,159,497	87,732	344,554	22,321,544
2015	15,388,592	2,021,614	2,162,962	2,126,773	118,621	395,991	22,214,553
2014	15,183,244	1,899,447	2,105,678	2,236,000	183,669	486,140	22,094,178
2013	15,541,806	1,977,950	2,110,458	1,240,003	111,337	2,114,484	23,096,038
2012	14,994,594	1,906,922	2,207,835	1,819,589	258,174	1,702,093	22,889,207
2011	14,133,264	2,104,714	2,149,320	1,373,821	187,257	1,675,101	21,623,477
2010	13,418,919	1,815,721	2,096,969	1,268,177	346,028	1,500,659	20,446,473
2009	13,243,545	1,704,840	1,996,580	1,710,229	681,548	1,349,379	20,686,121
2008	14,248,934	1,896,201	2,046,583	1,910,468	590,611	1,432,614	22,125,411

(1) Included General, Special Revenue, Debt Service, and Capital Projects Funds

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**GENERAL GOVERNMENT TAX REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended June 30</b>	<b>Municipal Sales Tax (1), (2), (3), (4)</b>	<b>Real And Personal Property Tax</b>	<b>Electric Gross Receipts</b>	<b>Natural Gas Gross Receipts Tax</b>	<b>Telephone Gross Receipts Tax</b>	<b>Water Gross Receipts Tax</b>	<b>Billboard Gross Receipts Tax</b>	<b>Cable Gross Receipts Tax</b>	<b>Total</b>
2017	\$ 12,027,115	\$ 3,172,918	\$ 850,602	\$ 261,514	\$ 304,827	\$128,257	\$ 1,747	\$123,429	\$ 16,870,409
2016	11,121,570	2,966,039	840,848	249,550	364,699	120,394	1,085	130,827	15,795,012
2015	10,651,737	2,991,583	818,593	317,278	353,184	122,275	2,305	131,637	15,388,592
2014	10,461,245	2,918,393	844,361	324,141	386,574	123,253	2,224	123,062	15,183,253
2013	10,878,304	2,870,594	821,625	313,068	404,699	123,353	7,877	122,286	15,541,806
2012	10,454,703	2,817,309	788,251	280,852	425,524	113,140	-	114,815	14,994,594
2011	9,385,696	2,984,098	768,182	331,067	451,265	101,378	5,448	106,130	14,133,264
2010	8,727,592	2,829,135	620,326	340,811	713,589	89,852	-	97,614	13,418,919
2009	8,813,849	2,860,348	596,306	393,837	392,541	95,910	2,253	88,501	13,243,545
2008	9,474,020	2,792,232	627,283	394,971	788,068	77,982	5,199	89,179	14,248,934

(1) The City passed a 1/4 cent local option sales tax in November of 1993 and began receiving tax in fiscal year 1994. This tax is shared with St. Louis County.

(2) The City passed a 1/2 cent capital improvements sales tax in June of 1994 and began receiving tax in fiscal year 1995. This tax is shared with St. Louis County.

(3) The City passed a 1/2 cent parks and storm water tax in August of 1997 and began receiving tax in fiscal year 1998.

(4) The City passed a 1/4 cent fire services tax in April 2003 and began receiving tax in fiscal year 2004.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended June 30</b>	<b>Real/ Residential Assessed Value</b>	<b>Total Direct Real Residential Tax Rate</b>	<b>Commercial Assessed Value</b>	<b>Total Direct Real Commercial Tax Rate</b>	<b>Total Real State Assessed Value</b>	<b>Total Direct Real State Tax Rate</b>	<b>Personal Property Assessed Value</b>	<b>State Personal Property Assessed Value</b>	<b>Total Direct Personal Property Tax Rate</b>	<b>Total Assessed Value</b>	<b>Total Estimated Actual Value</b>	<b>Total Direct Tax Rate</b>
2017	\$ 173,451,370	0.600 %	\$ 122,738,180	0.600 %	\$ 3,109,464	0.600 %	\$ 29,445,630	\$ 549,941	0.600 %	\$ 329,294,585	\$ 1,490,184,349	0.600 %
2016	173,177,850	0.602	121,650,220	0.610	3,357,799	0.610	29,651,550	537,555	0.609	328,374,974	1,494,203,911	0.606
2015	168,863,810	0.610	120,973,200	0.610	2,988,901	0.610	28,113,250	507,324	0.609	321,446,485	1,452,375,848	0.610
2014	168,947,180	0.610	116,607,580	0.610	2,915,066	0.610	29,798,080	500,757	0.609	318,768,663	1,441,750,737	0.610
2013	177,290,030	0.781	121,614,560	0.837	2,791,264	0.837	30,000,720	510,116	0.821	332,206,690	1,497,817,186	0.806
2012	177,892,190	0.767	119,523,070	0.835	2,807,055	0.835	26,080,200	409,584	0.822	326,712,099	1,482,191,421	0.797
2011	184,815,540	0.779	122,388,430	0.860	2,523,257	0.860	27,332,970	430,004	0.830	337,490,201	1,522,658,072	0.813
2010	184,053,280	0.732	122,286,970	0.821	2,441,183	0.821	30,087,810	441,794	0.822	339,311,037	1,523,901,512	0.773
2009	195,493,820	0.711	127,134,160	0.822	2,340,054	0.822	32,560,360	428,864	0.830	357,957,258	1,603,277,630	0.762
2008	196,646,780	0.696	127,020,250	0.813	2,421,307	0.813	33,794,810	432,740	0.822	360,315,887	1,616,609,121	0.749

(1) For the fiscal years beginning 1992, real estate assessed value includes both frozen and incremental portion of the TIF district.

(2) Beginning fiscal year 2014 the Richmond Heights Memorial Library has a separate tax levy. The Library's tax levy is no longer included in the tax rates for this table.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

For The Years Ended June 30	Direct							Overlapping									
	Richmond Heights				County			School Districts									
	General Millage	Library Millage	Pension Millage	Total Operating Millage	Operating Millage	Debt Service	Total County Millage	Brentwood Operating Millage	Brentwood Debt Service Millage	Clayton Operating Millage	Clayton Debt Service Millage	Ladue Operating Millage	Ladue Debt Service Millage	Maplewood Richmond Operating Millage	Maplewood Richmond Debt Service Millage	Total School Millage	Total Millage
2017	\$ 0.286	\$ -	\$ 0.314	\$ 0.600	\$ 0.496	\$0.019	\$ 0.515	\$ 4.552	\$ 0.350	\$ 3.441	\$ 0.623	\$ 3.165	\$ 0.780	\$ 4.800	\$ 1.350	\$ 19.061	\$ 20.176
2016	0.287	-	0.315	0.602	0.496	0.019	0.515	4.586	0.340	3.523	0.623	3.168	0.390	4.216	1.350	18.196	19.313
2015	0.290	-	0.320	0.610	0.504	0.019	0.523	4.495	0.310	3.683	0.623	3.168	0.390	4.422	1.200	18.291	19.424
2014	0.290	-	0.320	0.610	0.495	0.028	0.523	4.492	0.300	3.612	0.623	3.240	0.390	4.420	1.060	18.137	19.270
2013	0.290	0.199	0.317	0.806	0.495	0.028	0.523	3.943	0.280	3.449	0.623	3.240	0.390	4.420	1.060	17.405	18.734
2012	0.290	0.198	0.309	0.797	0.495	0.028	0.523	3.647	0.280	3.449	0.623	3.240	0.390	4.355	1.060	17.044	18.364
2011	0.321	0.190	0.302	0.813	0.495	0.028	0.523	3.414	0.210	3.323	0.623	2.750	0.350	4.160	1.076	15.906	17.242
2010	0.290	0.186	0.297	0.773	0.495	0.063	0.558	3.224	0.210	3.146	0.623	2.750	0.350	3.311	1.020	14.634	15.965
2009	0.298	0.177	0.287	0.762	0.495	0.063	0.558	3.059	0.210	3.088	0.333	2.750	0.230	3.211	0.949	13.830	15.150
2008	0.290	0.175	0.284	0.749	0.495	0.063	0.558	2.997	0.210	3.085	0.364	2.750	0.230	3.189	0.749	13.574	14.881



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

	<b>June 30</b>									
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
City of Richmond Heights:										
General Fund	0.286	0.287	0.290	0.290	0.290	0.290	0.329	0.290	0.298	0.290
Library	-	-	-	-	0.177	0.178	0.172	0.164	0.153	0.151
Pension	0.314	0.315	0.320	0.320	0.314	0.299	0.290	0.278	0.260	0.255
Total City Of Richmond Heights	<u>0.600</u>	<u>0.602</u>	<u>0.610</u>	<u>0.610</u>	<u>0.781</u>	<u>0.767</u>	<u>0.791</u>	<u>0.732</u>	<u>0.711</u>	<u>0.696</u>
Overlapping Governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
County General	0.206	0.206	0.209	0.200	0.200	0.200	0.200	0.190	0.190	0.190
County Health Fund	0.138	0.138	0.140	0.140	0.140	0.140	0.140	0.150	0.150	0.150
County Park Maintenance	0.049	0.049	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
County Bond Retire	0.019	0.019	0.019	0.028	0.028	0.028	0.028	0.028	0.063	0.063
Road & Bridge	0.103	0.103	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
St. Louis Community College	0.219	0.218	0.220	0.220	0.220	0.220	0.218	0.214	0.201	0.200
Special School District	1.241	1.235	1.261	1.240	1.012	1.013	0.995	0.938	0.918	0.908
Metropolitan Zoo Museum District	0.280	0.278	0.280	0.280	0.268	0.267	0.255	0.249	0.234	0.233
Richmond Heights Public Library	0.192	0.187	0.189	0.187	-	-	-	-	-	-
Metro Sewer District	0.120	0.088	0.088	0.087	0.064	0.082	0.079	-	-	0.067
Sewer-Deer Creek	-	0.083	0.086	0.086	0.084	0.084	0.081	-	-	0.060
Sheltered Workshop	0.088	0.088	0.090	0.089	0.084	0.084	0.079	0.074	0.069	0.070
Total City And Overlapping Governments	<u>2.685</u>	<u>2.722</u>	<u>2.767</u>	<u>2.742</u>	<u>2.285</u>	<u>2.303</u>	<u>2.260</u>	<u>2.028</u>	<u>2.010</u>	<u>2.126</u>
School Districts:										
Sch-Brentwood	4.676	4.676	4.650	4.645	3.953	3.597	3.433	2.977	2.757	2.742
Sch-Clayton	3.842	3.849	4.103	4.017	4.008	3.899	3.743	3.628	3.230	3.254
Sch-Ladue	3.920	3.534	3.700	3.630	3.630	3.100	3.100	2.980	2.980	2.980
Sch-Maplewood	6.206	5.587	5.550	5.410	5.320	5.261	4.988	4.096	3.842	3.644

Source: St. Louis County at <http://revenue.stlouisco.com/Collection/TaxRates.aspx>

- (1) Rates stated per \$100 of assessed value
- (2) Beginning fiscal year 2014 the Richmond Heights Memorial Library has a separate tax levy.
- (3) Additional charges - not calculated in the total tax rate
- (4) Residential rates

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2017			2008		
	Calendar Year 16/17 Assessed Valuation	Rank	Percent Of Total Valuation	Calendar Year 07/08 Assessed Valuation	Rank	Percent Of Total Valuation
Saint Louis Galleria LLC	\$ 43,364,790	1	13.17 %	\$ 51,436,090	1	14.28 %
The Boulevard St. Louis LLC	8,955,970	2	2.72	11,294,510	2	3.13
Menard Inc	7,181,050	3	2.18	-	-	-
PPM/University Tower LLC	6,488,550	4	1.97	-	-	-
Rich-Clay LLC	5,484,210	5	1.67	6,477,120	5	1.80
SM Properties 2000 Richmond LLC	3,664,940	6	1.11	3,848,220	8	1.07
Macy's Corporate Services Inc.	3,561,470	7	1.08	6,830,600	4	1.90
Bre Newton Hotels Property Owner LLC	3,532,600	8	1.07	-	-	-
Nordstrom Inc.	3,488,000	9	1.06	-	-	-
Dillard's Inc.	3,453,350	10	1.05	5,806,070	6	1.61
CF Clayton Office LP	-	-	-	11,281,340	3	3.13
LHRET St Louis The LLC	-	-	-	4,058,720	7	1.13
SSM Health Care/SSM Care Management Co.	-	-	-	2,749,110	9	0.76
Lion ES Hotels Holdings LP	-	-	-	2,635,370	10	0.73
Total Valuation Principal Taxpayers	<u>\$ 89,174,930</u>		<u>27.08 %</u>	<u>\$ 106,417,150</u>		<u>29.53 %</u>
Total Assessed Valuation Of Taxable Property	<u>\$ 329,294,585</u>		<u>100.00 %</u>	<u>\$ 360,315,887</u>		<u>100.00 %</u>

Source: St. Louis County

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>For The Years Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent Of Tax Collections</b>	<b>Delinquent Tax Collections (Refunds)</b>	<b>Total Tax Collections</b>	<b>Ratio Of Total Tax Collections To Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio Of Outstanding Delinquent Taxes To Tax Levy</b>
2017	\$ 1,991,054	\$ 1,804,392	90.62 %	\$ (91,846)	\$ 1,712,546	86.01 %	\$47,287	2.37 %
2016	1,988,931	1,780,852	89.54	74,020	1,854,872	93.26	47,287	2.38
2015	1,960,537	1,812,679	92.46	30,443	1,843,122	94.01	58,921	3.01
2014	1,944,186	1,822,587	93.75	25,921	1,848,508	95.08	81,970	4.22
2013	2,676,406	2,490,245	93.04	(21,779)	2,468,466	92.23	93,138	3.48
2012	2,603,635	2,455,553	94.31	51,413	2,506,966	96.29	90,169	3.46
2011	2,744,058	2,567,587	93.57	78,169	2,645,756	96.42	91,234	3.32
2010	2,622,241	2,423,502	92.42	92,162	2,515,664	95.94	99,214	3.78
2009	2,728,050	2,543,446	93.23	68,612	2,612,058	95.75	114,806	4.21
2008	2,702,372	2,517,242	93.15	57,520	2,574,762	95.28	99,365	3.68

Note: Taxes received in current fiscal year in payment for taxes due for current fiscal year are recorded as current collections. 2014 is the first year that the Richmond Heights Memorial Library has a separate tax levy that is not included in the levy and collection information for this table.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**TAXABLE RETAIL SALES GENERATED BY CATEGORY**  
**JUNE 30, 2017**

<u>Category</u>	<u>Taxable Sales</u>	<u>Percentage Of Total Taxable Gross Receipts</u>
Department stores	\$ 100,423,640	22.64 %
Food	80,689,998	18.18
Apparel	65,816,772	14.83
General merchandise	44,630,294	10.06
Eating and drinking establishments	35,373,121	7.97
Footwear	29,755,766	6.70
Computers and electronics	25,183,074	5.67
Accessories	20,692,945	4.66
Furnishings	9,957,636	2.24
Beauty supplies	14,451,574	3.26
All other retail outlets	16,866,260	3.80
Total	<u>\$ 443,841,080</u>	<u>100.00 %</u>

Source: Internal records are kept with the City's finance department.

# CITY OF RICHMOND HEIGHTS, MISSOURI

## SALES TAX REVENUE BY INDUSTRY

JUNE 30, 2016

<u>Industry</u>	<u>Number Of Filers</u>	<u>Percentage Of Total</u>	<u>Tax Liability</u>	<u>Percentage Of Total</u>
Retail trade	390	65.77 %	\$11,096,027	86.94 %
Services	65	10.96	624,320	4.89
Government	3	0.51	378,080	2.96
Communication	84	14.17	335,952	2.63
Utilities and transportation	3	0.51	164,710	1.29
Medical services	26	4.38	142,709	1.12
Finance, insurance, and real estate	<u>22</u>	<u>3.71</u>	<u>21,139</u>	<u>0.17</u>
Total	<u><u>593</u></u>	<u><u>100.00 %</u></u>	<u><u>\$12,762,937</u></u>	<u><u>100.00 %</u></u>

Source: Internal records are kept with the City's finance department.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

For The Years Ended June 30	Governmental Activities								Equipment Lease	Net Premiums/ (Discounts)	Total Primary Government	Percentage Of Personal Income	Per Capita
	Certificates Of Participation 1997A Note	Certificates Of Participation 2005 Note	Certificates of Participation 2009 Note	Special Obligations Bonds 2010A	Special Obligations Bonds 2010B	NID Bond Series 2006	NID Bond Series 2012	TIF Bonds					
2017	\$ -	\$ -	\$ 250,000	\$ 345,000	\$ 2,770,000	\$ -	\$ 2,020,000	\$ 9,780,000	\$ 1,566,949	\$ 165,235	\$ 16,897,184	3.87 %	\$ 1,964
2016	-	3,225,000	565,000	505,000	2,770,000	-	2,205,000	10,680,000	1,698,916	255,427	21,904,343	5.09	2,546
2015	-	4,775,000	865,000	660,000	2,770,000	-	2,385,000	11,485,000	1,826,915	323,464	25,090,379	5.85	2,916
2014	-	6,255,000	1,155,000	810,000	2,770,000	-	2,570,000	12,465,000	1,951,065	391,501	28,367,566	7.31	3,297
2013	-	7,670,000	1,435,000	955,000	2,770,000	2,715,000	2,570,000	13,395,000	2,071,482	441,396	34,022,878	9.46	3,955
2012	-	9,035,000	1,710,000	1,095,000	2,770,000	2,855,000	2,570,000	14,295,000	2,188,278	508,073	37,026,351	9.79	4,304
2011	-	10,350,000	1,975,000	1,230,000	2,770,000	2,985,000	-	15,220,000	-	346,584	34,876,584	9.76	4,054
2010	-	11,610,000	2,230,000	1,230,000	2,770,000	3,110,000	-	15,975,000	-	397,850	37,322,850	10.44	4,045
2009	-	12,810,000	2,350,000	-	-	3,230,000	-	16,570,000	-	376,401	35,336,401	9.89	3,829
2008	2,785,000	13,970,000	-	-	-	3,345,000	-	17,240,000	-	380,984	37,720,984	10.56	4,088

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**DIRECT AND OVERLAPPING DEBT -**  
**GENERAL OBLIGATION BONDED DEBT**  
**JUNE 30, 2017**

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	<b>Debt Outstanding</b>	<b>Percent Applicable To Richmond Heights (1)</b>	<b>Amount Applicable To Richmond Heights</b>
<b>GOVERNMENTAL UNIT</b>			
Brentwood School District	\$ 6,588,332	3.02 %	\$ 198,968
Clayton School District	80,927,000	10.81	8,748,209
Ladue School District	142,065,000	2.34	3,324,321
Maplewood School District	35,850,765	34.25	12,278,887
County (St. Louis County)	96,850,000	1.44	1,394,640
Sub-Total			25,945,023
City of Richmond Heights			16,897,184
Total			\$ 42,842,207

Source: St. Louis County and School Districts

(1) Percentages were determined by dividing each overlapping jurisdiction's assessed valuation within the City by its total assessed valuation.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**

	June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Assessed Valuation Of Taxable Property	<u>\$329,294,585</u>	<u>328,374,974</u>	<u>321,446,485</u>	<u>318,768,663</u>	<u>332,206,690</u>	<u>326,712,099</u>	<u>337,490,201</u>	<u>339,311,037</u>	<u>357,957,258</u>	<u>360,315,887</u>
Legal debt margin:										
Debt limitation - 10% of total assessed value	\$ 32,929,459	32,837,497	32,144,649	31,876,866	33,220,669	32,671,210	33,749,020	33,931,104	35,795,726	36,031,589
Amount of debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Total Legal Debt Margin	<u>\$ 32,929,459</u>	<u>32,837,497</u>	<u>32,144,649</u>	<u>31,876,866</u>	<u>33,220,669</u>	<u>32,671,210</u>	<u>33,749,020</u>	<u>33,931,104</u>	<u>35,795,726</u>	<u>36,031,589</u>



**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

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<b>For The Years Ended June 30</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Income</b>	<b>Median Age (3)</b>	<b>Unemployment Rate (2)</b>
2017	8,603	\$ 436,757,104	\$ 50,768	38.6	4.4 %
2016	8,603	430,296,251	50,017	38.6	4.5
2015	8,603	429,143,449	49,883	38.6	5.5
2014	8,603	388,218,978	45,126	38.6	7.0
2013	8,603	359,657,018	41,806	38.6	7.5
2012	8,603	378,256,704	43,968	38.6	9.7
2011	8,603	357,357,637	41,539	36.0	9.0
2010	9,228	357,357,637	37,217	36.0	9.4
2009	9,228	357,357,637	37,217	36.0	6.7
2008	9,228	357,357,637	37,217	36.0	6.3

Sources of information:

- (1) Census Bureau Population Estimates
- (2) Missouri Economic Research and Information Center
- (3) Census Bureau

# CITY OF RICHMOND HEIGHTS, MISSOURI

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage	Employees	Rank	Percentage
SSM Health Care	2,262	1	16.26 %	1,940	1	13.94 %
Centene corporation	400	2	2.88	-	-	-
Macy's	324	3	2.33	347	3	2.49
City of Richmond Heights	299	4	2.15	323	4	2.32
Nordstrom Inc.	255	5	1.83	-	-	-
Cheesecake Factory	185	6	1.33	200	7	1.44
Dillard's, Inc.	182	7	1.31	297	5	2.13
Menards	160	8	1.15	-	-	-
Schnucks Markets	159	9	1.14	190	8	1.37
Apple Inc.	120	10	0.86	-	-	-
Momentum N.A., Inc.	-	-	-	268	6	1.93
Maggiano's Little Italy	-	-	-	142	9	1.02
P.F. Chang's China Bistro	-	-	-	97	10	0.70
Allied Services	-	-	-	350	2	2.52
Total Employer	<u>4,346</u>		<u>31.25 %</u>	<u>4,154</u>		<u>29.86 %</u>
Total Employee Population (1)	<u>13,913</u>					

(1) Missouri Economic Research and Information Center

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>FUNCTIONS/PROGRAMS</b>										
General government:										
Office of the city manager	6	6	6	8	8	8	7	7	7	7
Finance	4	4	4	4	4	4	4	4	4	4
Legal	3	3	3	3	3	3	3	3	3	3
Public safety:										
Police	42	42	42	42	41	42	42	42	42	42
Fire	25	25	25	25	25	24	24	24	24	26
ECDC	-	-	-	-	22	22	22	22	20	20
Public works:										
Building	5	5	5	5	5	5	5	5	5	4
Street maintenance/sewer lateral	13	13	13	14	13	13	13	12	13	13
Recreation:										
Recreation	13	14	14	12	15	15	13	14	15	15
Forestry	8	8	8	8	8	8	8	8	6	6
Total	<u>119</u>	<u>120</u>	<u>120</u>	<u>121</u>	<u>144</u>	<u>144</u>	<u>141</u>	<u>141</u>	<u>139</u>	<u>140</u>

Sources: Various City departments and payroll records.

Note: ECDC became it's own entity effective July 2013.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>FUNCTIONS/PROGRAMS</b>										
Fire Protection and EMS:										
Number of calls answered	2,481	2,237	2,125	2,119	2,074	2,230	2,217	2,261	2,121	2,260
Number of inspections conducted	541	463	474	491	466	511	524	575	658	684
Police Protection:										
Physical arrests	491	529	835	834	809	1,025	1,582	1,266	1,105	1,411
Traffic violations	1,940	1,823	4,274	6,710	7,784	6,625	8,018	8,137	8,615	6,319
Parking violations	530	676	524	844	713	518	1,093	760	1,944	1,608

Sources: Various City departments and annual activity reports.

**CITY OF RICHMOND HEIGHTS, MISSOURI**  
**CAPITAL ASSET STATISTICS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>FUNCTIONS/PROGRAMS</b>										
Number of employees	299	289	315	319	329	332	378	368	375	323
Area in square miles	3	3	3	3	3	3	3	3	3	3
Number of government facilities and services:										
Miles of street	33	33	33	33	33	33	33	33	33	33
Number of street lights	973	968	1,224	1,224	1,224	1,224	1,224	1,227	1,226	1,226
Culture and recreation parks	2	2	2	2	2	2	2	2	2	2
Public safety station fire protection and EMS:	1	1	1	1	1	1	1	1	1	1
Number of personnel	24	24	24	25	25	24	24	24	24	26
Police protection:										
Number of police personnel/officers	41	41	41	42	41	42	42	42	42	42
Number of police vehicles	19	19	19	19	19	18	17	17	14	17
Facilities and services not included in reporting entity:										
Education:										
Number of elementary schools	3	3	3	3	3	3	3	3	3	3
Number of elementary school instructors	85	100	97	97	88	86	87	82	82	80
Hospitals:										
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of patient beds	492	525	525	525	525	525	525	585	585	585

Sources: Various City departments and annual activity reports.

- (1) A. B. Green Middle School closed June 2006. St. Lukes School closed Chaney Elementary opened.
- (2) MRH Elementry moved the second grade class to the Early Childhood Center along with teachers to support the grade level. The facility is located in Maplewood

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**APPENDIX C**

**CONTINUING DISCLOSURE AGREEMENT**

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**CONTINUING DISCLOSURE AGREEMENT**

**Dated October 22, 2018**

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**Between the**

**CITY OF RICHMOND HEIGHTS, MISSOURI**

**And**

**UMB BANK, N.A.**

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**\$9,060,000**

**City of Richmond Heights, Missouri  
Special Obligation Refunding and Improvement Bonds  
(The Heights Renovation/Refinancing)  
Series 2018**

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## CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated October 22, 2018 (the “**Continuing Disclosure Agreement**”), is executed and delivered by the **CITY OF RICHMOND HEIGHTS, MISSOURI** (the “**Issuer**”) and **UMB BANK, N.A.**, as dissemination agent (the “**Dissemination Agent**”).

### RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the Issuer of \$9,060,000 principal amount of its Special Obligation Refunding and Improvement Bonds (The Heights Renovation/Refinancing), Series 2018 (the “**Bonds**”), pursuant to Ordinance No. 5390 adopted by the governing body of the Issuer on September 17, 2018 (the “**Ordinance**”).

2. The Issuer and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Issuer and the Dissemination Agent covenant and agree as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Dissemination Agent**” means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

“**Material Events**” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

## **Section 2. Provision of Annual Reports.**

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than **180** days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2018, file with the MSRB through EMMA, the following financial information and operating data (the "**Annual Report**"):
- (1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
  - (2) Updates as of the end of the fiscal year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "**obligated person**" (as defined by the Rule), which have been filed with the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the Issuer has filed the Annual Report with the MSRB (or will do so prior to the deadline specified in subsection (a)).
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the Issuer that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit B**.
- (d) The Dissemination Agent shall, (1) notify the Issuer each year, not later than **90** days and again not later than **30** days prior to the date for providing the Annual Report to the MSRB, of the date on which its Annual Report must be provided to the Dissemination Agent or the MSRB, and (2) unless the Issuer has filed the Annual Report with the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (b) above, file the Annual Report with the MSRB and file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed with the MSRB.

- (e) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been delivered to the MSRB.

### **Section 3. Reporting of Material Events.**

- (a) No later than **10** business days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“**Material Events**”):
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
  - (7) modifications to rights of bondholders, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the City;
  - (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the Finance Director of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d) below. If in response to a request under this subsection (b), the Issuer determines that such event does not constitute a Material Event, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d) below.
- (c) Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d) below.
- (d) If the Dissemination Agent receives written instructions from the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the Issuer. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than

the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Ordinance.

**Section 4. Termination of Reporting Obligation.** The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

**Section 5. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is UMB Bank, N.A.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the Issuer or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under

this Continuing Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

**Section 9. Duties and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and to the extent permitted by law, the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Issuer shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

**Section 10. Notices.** Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

**To the Issuer:** City of Richmond Heights, Missouri  
1330 S. Big Bend Boulevard  
Richmond Heights, Missouri 63117  
Attention: Finance Director  
Telephone/Fax: (314) 655-3550/(314) 655-3510

**To the Dissemination Agent:** UMB Bank, N.A.  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust Department  
Telephone/Fax: (314) 612-8480/(314) 612-8499

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**Section 11. Beneficiaries.** This Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 12. Severability.** If any provision in this Continuing Disclosure Agreement, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 13. Counterparts.** This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 14. Electronic Transactions.** The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 15. Governing Law.** This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

**CITY OF RICHMOND HEIGHTS, MISSOURI**

By: \_\_\_\_\_  
Title: Mayor

[Continuing Disclosure Agreement]

**UMB BANK, N.A.,**  
as Dissemination Agent

By: \_\_\_\_\_  
Title: Senior Vice President

[Continuing Disclosure Agreement]

## **EXHIBIT A**

### **FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT**

The following sections and tables contained in Appendix A to the final Official Statement:

1. **FINANCIAL INFORMATION CONCERNING THE CITY.**
2. **DEBT STRUCTURE OF THE CITY** (other than the information under the caption “Overlapping Bonded Indebtedness”).
3. **PROPERTY TAX INFORMATION.**



## EXHIBIT B

### NOTICE OF FAILURE TO FILE ANNUAL REPORT

**Name of Issuer:** City of Richmond Heights, Missouri

**Name of Bond Issue:** \$9,060,000 Special Obligation Refunding and Improvement Bonds  
(The Heights Renovation/Refinancing), Series 2018

**Name of Obligated Person:** City of Richmond Heights, Missouri (the “Issuer”)

**Date of Issuance:** October 22, 2018

**NOTICE IS HEREBY GIVEN** that the City of Richmond Heights, Missouri has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated October 22, 2018 between the Issuer and UMB Bank, N.A., as Dissemination Agent. [The Issuer has informed the Dissemination Agent that the Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

**Dated:** \_\_\_\_\_, \_\_\_\_\_

**UMB BANK, N.A.**, as Dissemination Agent  
on behalf of the **CITY OF RICHMOND HEIGHTS,  
MISSOURI**

cc: City of Richmond Heights, Missouri