



City of Creve Coeur, Missouri

Popular Annual Financial Report

For Fiscal Year Ending June 30, 2022



Mark Perkins, ICMA-CM
City Administrator

A Message from the City Administrator and the Director of Finance

Creve Coeur Citizens,

In our ongoing effort to inform Creve Coeur citizens about the state of city finances, we are pleased to present the 2022 Popular Annual Financial Report (PAFR).

The report is reflective of our commitment to preserving the city's long-term financial health. Further evidence of this is the city's AAA Standard & Poor's bond rating; Creve Coeur is one of a handful of such highly rated cities in the state of Missouri.

The financial activity statements included herein are taken from the city's Annual Comprehensive Financial Report (ACFR). The ACFR provides more detailed information and includes an audit from an independent firm of licensed certified public accountants, Schowalter and Jabouri, P.C.

The ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP). The PAFR is prepared in accordance with the Government Finance Officers Association standards and in conformity with GAAP.

Most of the City's services are included in the governmental funds and proprietary funds

(operations of the ice arena and golf course) so those are the funds that we include in the PAFR. We have not included Fiduciary Fund data information in the PAFR but this information can be found in the city's ACFR.

We hope you find this report to be informative and we welcome your comments and questions. Please feel free to contact either of us to discuss any aspect of this report. Citizens may keep apprised of the state of city finances by reviewing the ACFR at www.crevecoeurmo.gov/ACFR or the quarterly financial reports posted to the city website at www.crevecoeurmo.gov/QuarterlyFinancial.

Sincerely,

Mark Perkins
City Administrator

Lori Obermoeller
Director of Finance

Table of Contents

| | | | | | |
|---------------------------------------|-----|---------------------------------|---|--------------------------------------|---|
| Financial Activity Statements | 2-3 | Property Tax Revenue | 6 | Creve Coeur Sales Tax Revenue | 7 |
| Where Does the Money Come From?..... | 4 | Outstanding Debt | 6 | Miscellaneous Statistical Data | 8 |
| Capital Improvement Expenditures..... | 4-5 | Use Tax | 6 | Acknowledgments | 8 |
| Where Does the Money Go?..... | 5 | Sales Tax Revenue Sharing | 7 | | |

Financial Activity Statements for years ended June 30, 2021 and June 30, 2022

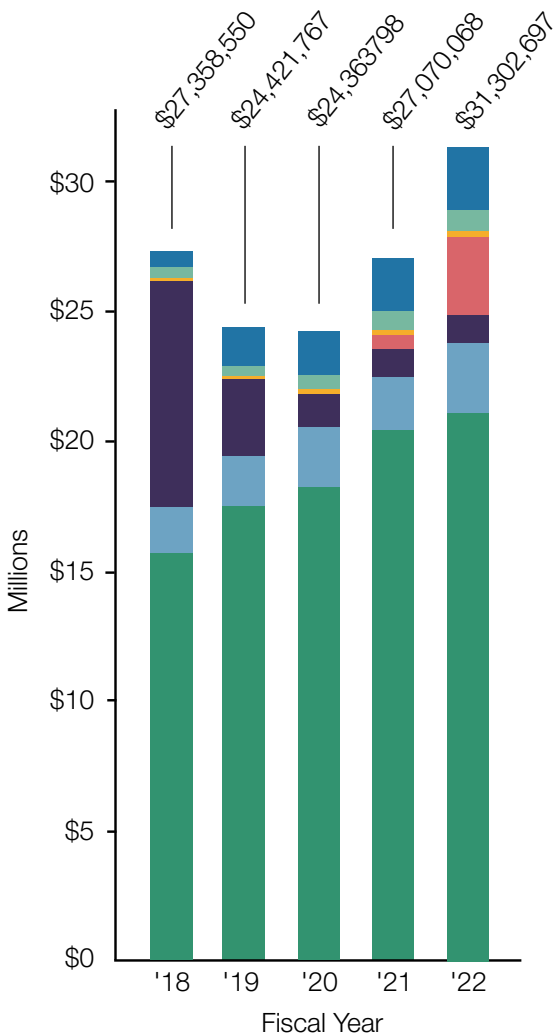
All Governmental Fund Types

All Governmental Funds for the City include the General Fund, the Capital Improvement Fund, the Sewer Lateral Fund, the Police Building Fund, the Debt Fund, the Parks and Stormwater Fund, and the Public Safety Sales Tax Fund. During 2022, the city's revenues and sources were higher than expenditures and uses in its Governmental Funds by \$4,232,632 due to the new parks and stormwater sales tax, a record number of building permits issued, and an increase in electric utility rates.

Overall revenues increased \$2,156,506. Expenditures increased by \$555,793 with an increase in expenditures in General Government, Capital Outlay, and Debt Service. Most of the increase was due to the increase in General Government since the City moved the bulk of the pension payment for the Legacy Plan to interdepartmental instead of individual departments.

Governmental Fund Balance

The overall Fund Balance for the Governmental Funds has decreased the last few years, but increased in FY2021 and FY2022 mainly as a result of receiving the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds in FY2021 and the American Rescue Plan Act (ARPA) in FY2022, as well as a planned decrease in expenditures in FY2021 as a result of the severity of the economic downturn caused by COVID-19 combined with the uncertainty and timing of a recovery.



| All Governmental Fund Types | | |
|--------------------------------------|----------------------|---------------------|
| Revenues | 2021 | 2022 |
| Property Taxes | \$1,586,334 | \$1,530,925 |
| Sales Tax | \$8,122,301 | \$11,223,406 |
| Public Utility Licenses | \$5,396,414 | \$5,623,251 |
| Other Taxes | \$135,967 | \$136,188 |
| Licenses and Permits | \$1,610,411 | \$1,879,503 |
| Municipal Facilities | \$17,535 | \$53,981 |
| Intergovernmental | \$3,284,049 | \$2,950,297 |
| Fines & Forfeitures | \$551,411 | \$451,432 |
| Charges for Services | \$92,911 | \$78,796 |
| Investment Income | \$170,224 | (\$1,072,363)* |
| Miscellaneous | \$220,496 | \$489,141 |
| Total Revenues | \$21,188,051 | \$23,344,557 |
| Expenditure by Function | | |
| General Government | \$2,733,508 | \$3,595,640 |
| Public Safety | \$7,106,518 | \$6,713,914 |
| Public Works | \$3,282,366 | \$3,235,831 |
| Community Development | \$1,476,340 | \$1,183,382 |
| Capital Outlay | \$3,250,118 | \$3,669,994 |
| Debt Service (Principal & Interest) | \$710,742 | \$716,624 |
| Total Expenditures | \$18,559,592 | \$19,115,385 |
| Other Financing Sources/Uses | | |
| Transfers-In | \$596,366 | \$1,739,528 |
| Transfers-Out | \$596,366 | \$1,739,528 |
| Net Bond Proceeds | \$0 | \$0 |
| Proceeds from Capital Lease | \$0 | \$0 |
| Proceeds from Sale of Capital Assets | \$77,810 | \$3,460 |
| Net Changes in Fund Balance | \$2,706,270** | \$4,232,632 |

*Investment income had a \$1,072,363 loss in FY2022 as a result of the book entry to record investments at market value.

**The City recorded prior period adjustments and restated net position as of June 30, 2021. These adjustments were made to correct misstatements in capital assets which increased the Governmental Fund beginning balance by \$616,687.

Financial Activity Statements for years ended June 30, 2021 and June 30, 2022

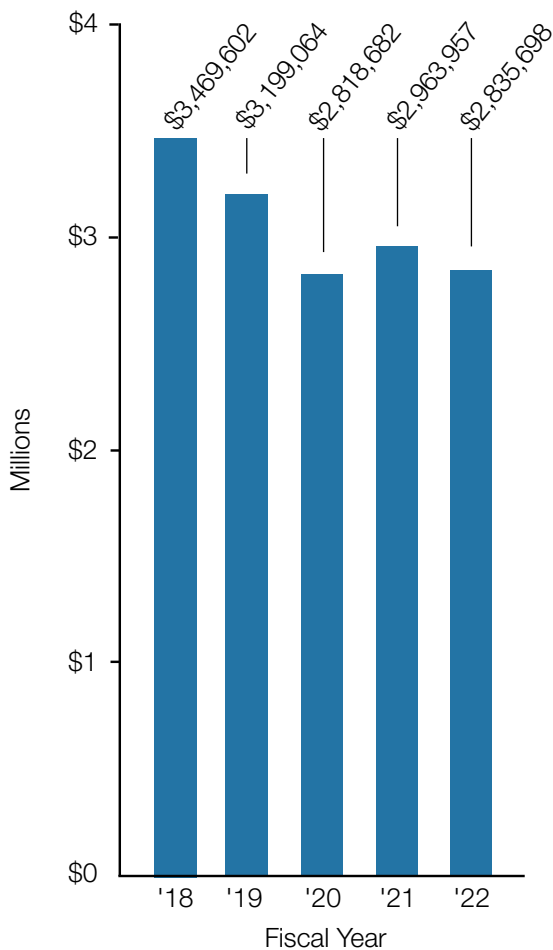
Enterprise Fund

The Enterprise Fund records the financial activity of the recreation activities conducted at the Dielmann Recreation Complex. The operating loss of the Enterprise Fund decreased in 2022 from \$277,902 to \$169,772. The revenues of the Enterprise Fund covered all operating expenses in 2022 with the exception of depreciation of capital assets.

Depreciation is a “non-cash” expense that is reflected on the Enterprise Fund statements. However, the City does not fund depreciation because the capital assets are largely funded out of the Capital Improvement Fund. Therefore, the user fees for the Enterprise Fund are established primarily to recover operation costs excluding depreciation.

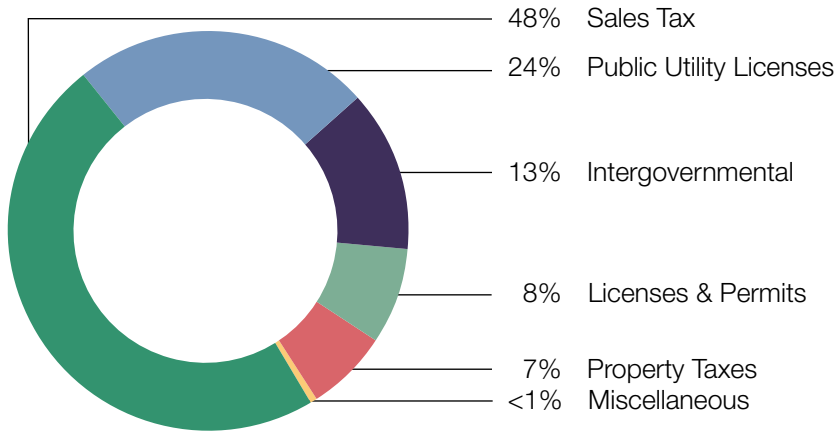
Enterprise Fund Balance

The Enterprise Fund Balance has seen a decreasing trend over the last five years and is projected to start using funds from the General Fund in FY2026.



| Enterprise Fund | | |
|--|--------------------|--------------------|
| Revenues | 2021 | 2022 |
| Food Service Revenues | \$40,303 | \$53,377 |
| Golf Course Revenues | \$557,212 | \$496,194 |
| Ice Arena Revenues | \$554,827 | \$753,002 |
| Total Operating Revenues | \$1,152,342 | \$1,302,573 |
| Operating Expenses | | |
| Food Service Expenses | \$32,042 | \$49,116 |
| Golf Course Expenses | \$552,801 | \$569,329 |
| Ice Arena Expenses | \$512,869 | \$548,694 |
| Depreciation | \$319,728 | \$304,813 |
| Total Operating Expenses | \$1,417,440 | \$1,471,953 |
| Non-Operating Revenue (Expenses) | | |
| Investment Income | \$171 | \$607 |
| Misc. Revenue | \$12,842 | \$0 |
| Interest Expense | \$0 | \$0 |
| Loss on Disposal of Assets | (\$25,816) | (\$1,000) |
| Total Non-Operating Revenue (Expenses) | (\$12,803) | (\$393) |
| Loss Before Capital Contributions & Transfers | (\$277,902) | (\$169,772) |
| Contributions & Transfers | | |
| Capital Contributions | \$37,500 | \$40,513 |
| Transfers-In | \$0 | \$0 |
| Proceeds from Sale of Capital Assets | (\$11,200) | (\$1,000) |
| Change in Net Assets | (\$251,602) | (\$128,259) |
| Net Assets, July 1, 2021 | \$3,215,559 | \$2,963,957 |
| Net Assets, June 30, 2022 | \$2,963,957 | \$2,835,698 |

Where Does the Money Come From?



| Governmental Fund Revenues | FY2022 |
|----------------------------|---------------------|
| Sales Tax | \$11,223,406 |
| Public Utility Licenses | \$5,623,251 |
| Intergovernmental | \$2,950,297 |
| Licenses and Permits | \$1,879,502 |
| Property Taxes | \$1,530,925 |
| Miscellaneous | \$137,176 |
| Total | \$23,344,556 |

Sales Tax: derived from the 1.25 percent general retail sales tax, the 0.5 percent capital sales tax, the 0.5 percent public safety sales tax, and the 0.5 percent parks and stormwater sales tax. A portion of the sales tax revenue is shared with other cities and St. Louis County (pg. 7).

Public Utility Licenses: as of the end of FY2022, the gross receipts tax on sales of electric, gas, telephone and water services within the city were 8 percent for commercial. Residential rates were 7 percent. These commercial rates were amended effective November 1, 2018. Residential electric rates were amended effective March 1, 2019. A 5 percent video service fee is also included.

Intergovernmental: revenues from grants and pass-through monies from the state of Missouri and the U.S. government, including gasoline tax, auto sales tax and road and bridge money.

Licenses & Permits: includes building permits, business licenses, and other permits.

Property Taxes: derived from the city's real estate tax rate of \$0.073 for residential and \$0.080 for commercial property per \$100 assessed valuation. 2022 also includes a Creve Coeur debt levy of \$0.068.

Miscellaneous: derived from sources such as reimbursements, refunds, fines and forfeitures, investment income, sewer lateral taxes, charges for services and municipal facilities, and other sources. Miscellaneous income is so low because investment income had a \$1,072,363 loss in FY2022 as a result of the book entry to record investments at market value. This is not an actual loss but rather a loss on paper only.

Capital Improvement Expenditures for FY2022

The Capital Improvement Program (CIP) is the city's long-range planning tool for improvements to infrastructure, parks and other community facilities and to establish funding for high-priority projects in a timely and cost-effective fashion. The CIP provides a systematic approach to replacing deteriorating infrastructure and major capital equipment, and adding new facilities that enhance the quality of life in Creve Coeur. Capital improvement expenditures are funded by the Capital Fund, Parks and Stormwater Fund, and Building Bond Fund.

The CIP covers a five-year period and is updated annually. The Planning and Zoning Commission and Finance Committee review the plan and forward a recommendation to the City Council. The City Council holds a public hearing and ultimately decides on the CIP's adoption.

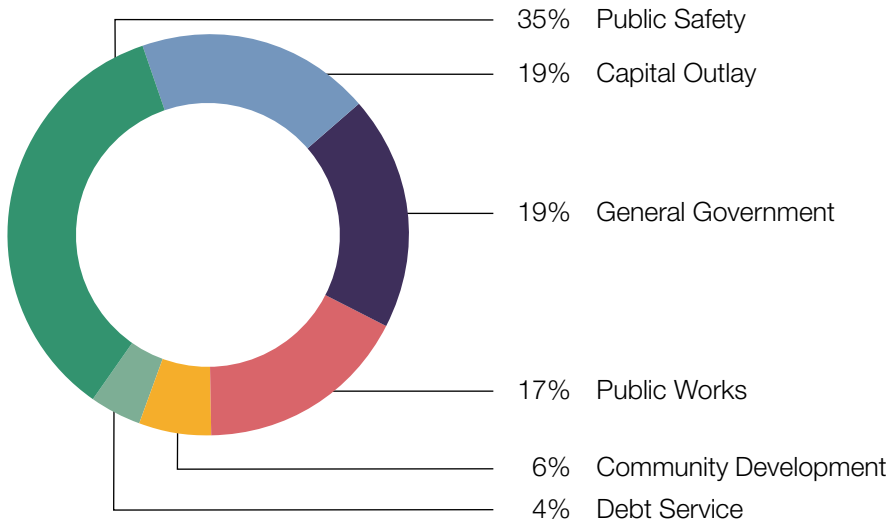
Projects are prioritized based on the following criteria:

- Public safety
- Condition of existing facility
- Operating efficiency
- Citizen demand
- Economic growth
- Protection & conservation
- Beautification
- Coordination (projects, regulations)
- Availability of funding

The CIP and other long-range planning documents are available for review at the Government Center and on the city's website at www.crevecoeurmo.gov/CIP.

| Capital Improvement Expenditures | FY2022 |
|----------------------------------|--------------------|
| Streets & Sidewalks | \$2,171,189 |
| Stormwater | \$28,040 |
| Parks & Recreation | \$970,008 |
| Building Improvements | \$104,705 |
| Capital Equipment | \$267,982 |
| Administration | \$135,636 |
| Total | \$3,677,561 |

Where Does the Money Go?



| Governmental Fund Expenditures | FY2022 |
|--------------------------------|---------------------|
| Public Safety | \$6,713,914 |
| Capital Outlay | \$3,669,994 |
| General Government | \$3,595,640 |
| Public Works | \$3,235,831 |
| Community Development | \$1,183,382 |
| Debt Service | \$716,624 |
| Total | \$19,115,385 |

Public Safety: expenditures relating to the police department, including administration, investigation, patrol and dispatching.

Capital Outlay: accounts used to purchase capital items and the construction or acquisition of major capital facilities.

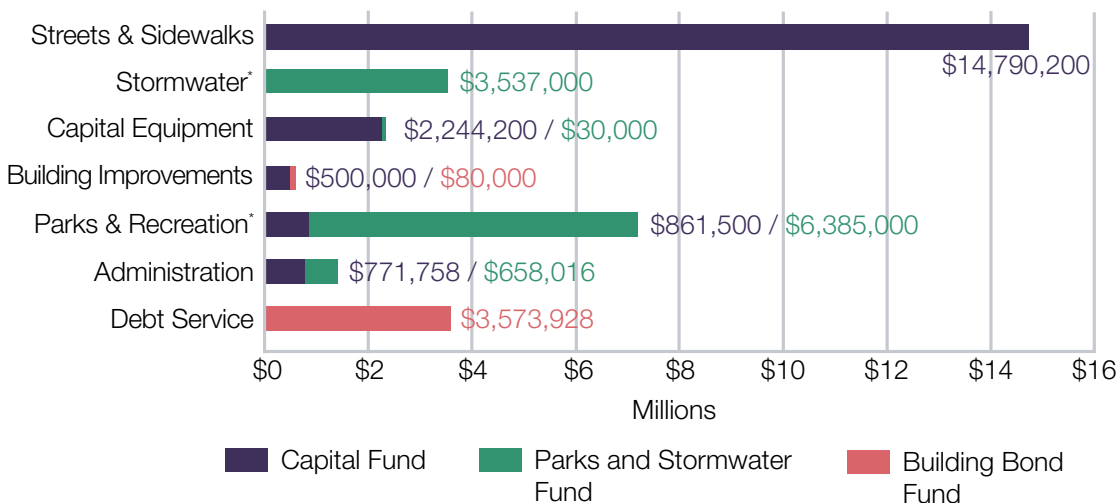
General Government: expenditures relating to city council, city clerk, city administrator's office, finance, municipal court, insurance, sewer lateral program and other related functions.

Public Works: expenditures relating to services such as streets and sidewalk maintenance, parks, building maintenance, refuse and recycling collection, engineering and other related services.

Community Development: expenditures relating to planning, zoning, building inspection and code enforcement.

Debt Service: debt service payments include both principal and interest debt issued for the construction of the police building (2017). Construction was completed during fall of 2019.

CIP Five-Year Projected Expenditures (FY2023-2027)



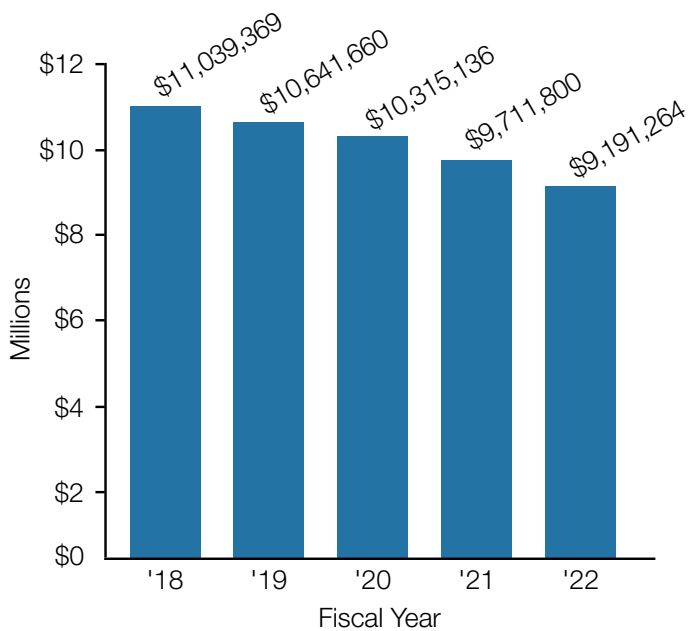
In November 2020, voters in Creve Coeur approved a half-cent sales tax that is dedicated to capital improvements, operations and maintenance for the City's parks and stormwater infrastructure. This new revenue source necessitated the creation of the Parks and Stormwater Fund, which will be supplemented by grants and other outside funding related to parks and stormwater.

How Is Property Tax Revenue Allocated?

The average Creve Coeur homeowner (\$400,000 market value house) pays \$5,392 to \$5,414 in real estate taxes to all taxing entities combined. Of this amount, the City of Creve Coeur receives \$107, or about 2% of the total tax bill. These revenues support the City's General Fund (0.073) and Debt Service (0.068). Sewer taxes vary subject to your location.

| Tax Entity (FY2022) | Rate | Cost |
|--------------------------------------|---------------|----------------|
| Parkway School District | 3.639 | \$2,766 |
| Ladue School District | 3.61 | \$2,744 |
| Creve Coeur Fire District | 0.975 | \$741 |
| Special School District | 1.0158 | \$772 |
| County | 0.418 | \$318 |
| Community College | 0.2787 | \$212 |
| Metro Zoo | 0.2455 | \$187 |
| Library | 0.206 | \$157 |
| Disability | 0.071 | \$54 |
| City of Creve Coeur | 0.141 | \$107 |
| State | 0.03 | \$23 |
| Sewer | 0.1041 | \$79 |
| Total Parkway School District | 7.1241 | \$5,414 |
| Total Ladue School District | 7.0951 | \$5,392 |

Outstanding Debt



City of Creve Coeur Outstanding Debt – June 30, 2022

| | |
|-----------------------|--------------------|
| Police Building Debt | \$8,724,095 |
| Capital Lease Payable | \$0 |
| Compensated Absences | \$467,169 |
| Total Debt | \$9,191,264 |

2017 Police Building Debt: in April 2017, Creve Coeur issued general obligation bonds to finance the construction, furnishing and equipping of a new police station and to fund safety, security and accessibility improvements to the Creve Coeur Government Center. The bonds bear interest ranging from 2% to 3.125%. The debt service is paid from a property tax levy of .068 per \$100 of assessed valuation. The bonds will mature March 1, 2037.

Capital Lease Payable: provided funds to acquire certain office equipment for city departments.

Compensated Absences: reflects the outstanding liability on the city's financial statement for the value of employees' accumulation of vacation time. Most of this vacation will be used during the normal course of operations during the city's fiscal year.

Use Tax on Out-of-State Purchases

A number of St. Louis area cities have adopted a local "use tax" over the last few years. The use tax applies to goods purchased by Missouri residents from out-of-state vendors. Sales subject to the use tax are largely online purchases and are taxed at the same rate as purchases made at physical, 'brick and mortar' stores. As consumer habits have migrated to online retailers, sales tax revenue, which funds city services, has been significantly reduced.

The use tax has been adopted by the State of Missouri and 232 municipalities across the state to replace the decline in

sales tax to fund basic city services such as trash and recycling service, leaf and limb pick up, and police.



The City of Creve Coeur does not have a local use tax in place, which would require a majority approval by Creve Coeur voters. While the City of Creve Coeur has no timeline for seeking voter approval of a local use tax, this issue is one that the Mayor, City Council and staff are continuing to review as the cost of maintaining city services increases over time.

Sales Tax Revenue Sharing in St. Louis County

Retail sales in St. Louis County are subject to a 1 percent local sales tax that is shared among the cities in St. Louis County and the county itself. St. Louis County is the only county in the state where sales tax sharing applies, pursuant to state legislation adopted in 1993 which identifies each city as either 'A', 'B' or 'A/B'. The city's one-half cent capital improvement sales tax and one-quarter cent local option sales tax are also shared. The capital sales tax is shared at a fixed rate of 15%. The parks and stormwater sales tax is not subject to sharing.

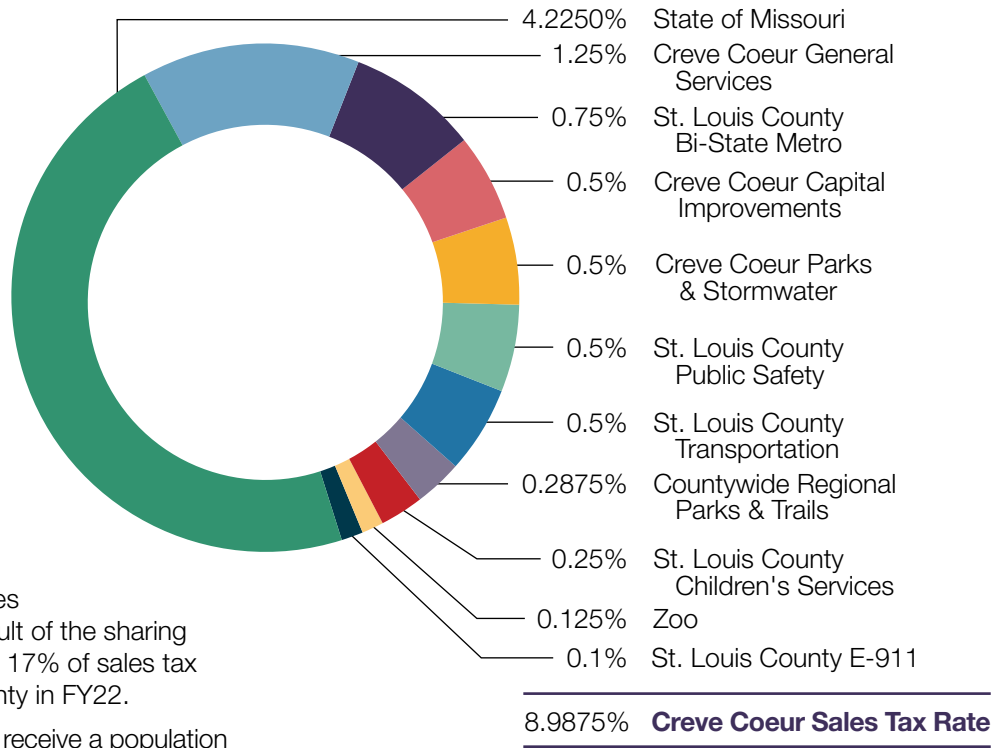
'A' Cities: 'A' cities, or 'point-of-sale' (POS) cities, receive sales tax revenue generated within their city limits, but also share a portion of their revenue with other cities if the average sales tax income per capita exceeds the average sales tax income per capita countywide. As a result of the sharing formula, Creve Coeur shared approximately 17% of sales tax revenue with other cities and St. Louis County in FY22.

'B' Cities: 'B' cities, also called 'pool' cities, receive a population based pro-rated share of the sales tax revenue collected by St. Louis County. Newly created cities and areas annexed since the sharing formula became effective are 'B' cities.

'A/B' Cities: 'A/B' cities are those that were in existence at the time the sharing formula was created and are a mixture of 'A' (POS) and 'B' (pool).

Creve Coeur is an 'A/B' city, primarily a POS ('A') city, except for Ward 4 and a section of Ward 1, east of Lindbergh and north of Olive, which were annexed by the City in the 1990s. These areas are pool ('B').

Distribution of Sales Tax Rate



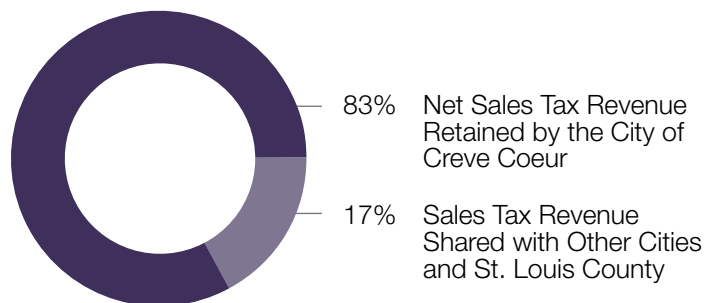
Sales Tax Revenue for Creve Coeur (FY2022)

Total sales tax revenue generated in Creve Coeur last year was approximately \$7,883,237 for general POS and capital sales tax. However, \$1,333,819 was shared with other cities under the County formula, resulting in net sales tax revenue for Creve Coeur of \$6,549,418.

Only revenues from the general and capital sales tax are put into the shared pool; revenues collected from the public safety and parks & stormwater sales tax are not shared with other cities.

As a result of the sharing legislation, the City of Creve Coeur receives approximately 83% of the sales tax revenue generated by Creve Coeur businesses with the remaining 17% shared with other cities and the county.

Sales Tax Revenue Generated in Creve Coeur (General and Capital)



Creve Coeur by the Numbers

The Basics...

incorporated in
1949

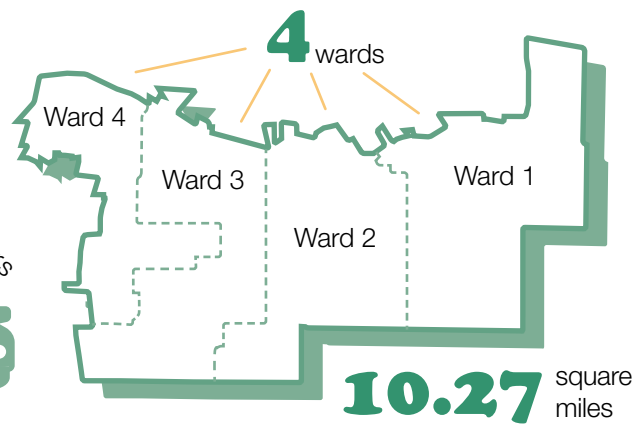


Council-City Administrator
form of government

home rule charter
adopted in
1976

107
full-time
employees

49
sworn officers



In the Parks...

6 parks

1
indoor ice arena

7
tennis courts

1
9-hole golf course

94 acres
of parks

In the Community...

\$457,100
median home value

8,352
housing units

\$100,810
median household income

78.9
centerline miles of streets
maintained by the city

Population of
18,660

Acknowledgments

Thank you to the Finance Committee and Audit Committee for their support and dedication in advising the City Council on financial matters impacting the City.

The Finance Committee consists of seven to nine members. Primary responsibilities and duties include review of the annual budget, review the Capital Improvement Plan (CIP) annually, and advising the City Council on other financial matters impacting the City as requested by the City Council or staff.

The Audit Committee consists of three Council members and two Finance Committee members, serving as an advisory body to the City Council on matters concerning the City's

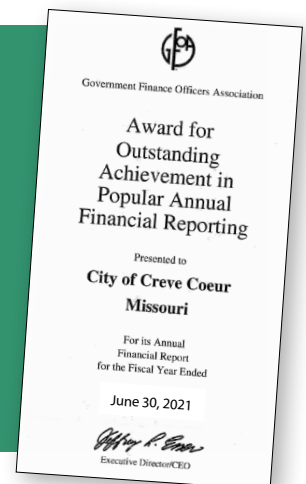
annual audit. Primary responsibilities and duties of the committee include coordinating the process of soliciting, selecting and hiring of the auditing firm, working cooperatively with the auditing firm, and reviewing and presenting recommendations on audit results to the City Council.

The information in the City of Creve Coeur Popular Annual Financial Report is taken from the City of Creve Coeur Annual Comprehensive Financial Report (ACFR). A copy of the ACFR available at the Government Center and online at www.crevecoeurmo.gov/ACFR.

Award for Outstanding Achievement in Popular Annual Financial Reporting

The City of Creve Coeur was the recipient of the Award for Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Popular Annual Financial Report for fiscal year ending June 30, 2021.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. Visit www.gfoa.org for more information about this award and its criteria.



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