



City of Hazelwood, Missouri

Comprehensive Annual Financial Report

For The Year Ended
June 30, 2016

*much more
than you imagine*





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For The Year Ended
June 30, 2016

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than you imagine*

Prepared by the Finance Department
Lori Obermoeller, Finance Director

CITY OF HAZELWOOD, MISSOURI

CONTENTS

	PAGE
SECTION I - INTRODUCTORY SECTION:	
List Of Principal Officials	i
GFOA Certificate Of Achievement For Excellence In Financial Reporting	ii
Organizational Chart	iii
Letter Of Transmittal	iv
SECTION II - FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion And Analysis	4
Basic Financial Statements:	
Statement Of Net Position	11
Statement Of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation Of The Statement Of Net Position Of Governmental Funds To The Balance Sheet	14
Statement Of Revenues, Expenditures And Changes In Fund Balances - All Governmental Fund Types	15
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	16
Statement Of Fiduciary Net Position Pension Trust Fund	17
Statement Of Changes In Fiduciary Net Position - Pension Trust Fund	18
Notes To Financial Statements	19
Required Supplementary Information:	
Schedule Of Revenues, Expenditures, and Change in Fund Balance Budget and Actual - General Fund	43
Schedule Of Revenues, Expenditures, and Change In Fund Balance Budget And Actual - Economic Development Fund	47
Notes to Schedules Of Revenues, Expenditures, and Changes In Fund Balances - Budget And Actual	48
Schedules Of Changes in Net Pension Liability And Related Ratios	49
Schedule Of Actuarially Determined Contribution And Schedule Of Annual Dollar-Weighted Rate Of Return	50
Schedules Of Funding Progress - Other Post Employment Benefits	51

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CITY OF HAZELWOOD, MISSOURI

CONTENTS

-continued-

	PAGE
Supplementary Information:	
Combing Balance Sheet - Nonmajor Funds	52
Combing Statement of Revenues, Expenditures and Changes in Fund Balances	53
Schedule Of Revenues, Expenditures, and Changes In Fund Balance Budget And Actual - Capital Projects Fund	54
Schedule Of Revenues, Expenditures, and Changes In Fund Balance Budget And Actual – Sewer Lateral Fund	55
Schedule Of Revenues, Expenditures, And Changes In Fund Balance Budget and Actual - Asset Forfeiture Fund	56
 SECTION III - STATISTICAL SECTION:	
Net Position By Component	57
Changes In Net Position	58
Fund Balances - Governmental Funds	59
Changes In Fund Balances – Governmental Funds	60
Assessed Value And Estimated Actual Value of Taxable Property	61
Direct and Overlapping Property Tax Rates	62
Principal Property Tax Payers	63
Property Tax Levies And Collections	64
Sales Tax Rates And Taxable Sales	65
Ratios of Outstanding Debt By Type	66
Ratios Of Net General Bonded Debt Outstanding	67
Direct And Overlapping Governmental Activities Debt	68
Legal Debt Margin Information	69
Demographic And Economic Statistics	70
Principal Employers	71
Full-time Equivalent City Government Employees By Function/Program	72
Operating Indicators By Function/Program	73
Capital Asset Statistics By Function/Program	74



Section I

Introductory Section

City of Hazelwood, Missouri
Principal City Officials at June 30, 2016

Position	Name	Election/Hire Date	Term Dates
MAYOR	Matthew Robinson	4/2009	4/2015-4/2018
COUNCIL-WARD 1	Carol Stroker	4/2010	4/2016-4/2019
COUNCIL-WARD 2	Robert Aubuchon	4/1997	4/2014-4/2017
COUNCIL-WARD 3	Donald Ryan	4/2010	4/2016-4/2019
COUNCIL-WARD 4	Robert Parkin, II	Oct-15	4/2016-4/2017
COUNCIL-WARD 5	Russell Todd	8/2008	4/2016-4/2019
COUNCIL-WARD 6	Warren Taylor	4/2008	4/2014-4/2017
COUNCIL-WARD 7	Rosalie Hendon	4/2007	4/2016-4/2019
COUNCIL-WARD 8	Mary Singleton	4/2008	4/2014-4/2017
CITY MANAGER	Matt Zimmerman	10/30/13	
ASST. CITY MANAGER	Robert J. Frank	08/30/07	
FINANCE DIRECTOR	Lori Helle	02/13/12	
CITY CLERK	Colleen Wolf	07/01/96	
JUDGE	Kevin Kelly	2003	
PROSECUTING ATTORNEY	Stephanie Karr	2004	
CITY ATTORNEY	Kevin O'Keefe	02/07/94	
POLICE CHIEF	Gregg Hall	01/18/13	
FIRE CHIEF	Dave Radel	07/27/78	
PUBLIC WORKS DIRECTOR	David Stewart	07/31/09	
PARKS & REC SUPERINTENDENT	Douglas Littlefield	11/30/92	
MAINTENANCE SUPERINTENDENT	Paul Williams	06/09/72	



Government Finance Officers Association

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

Presented to

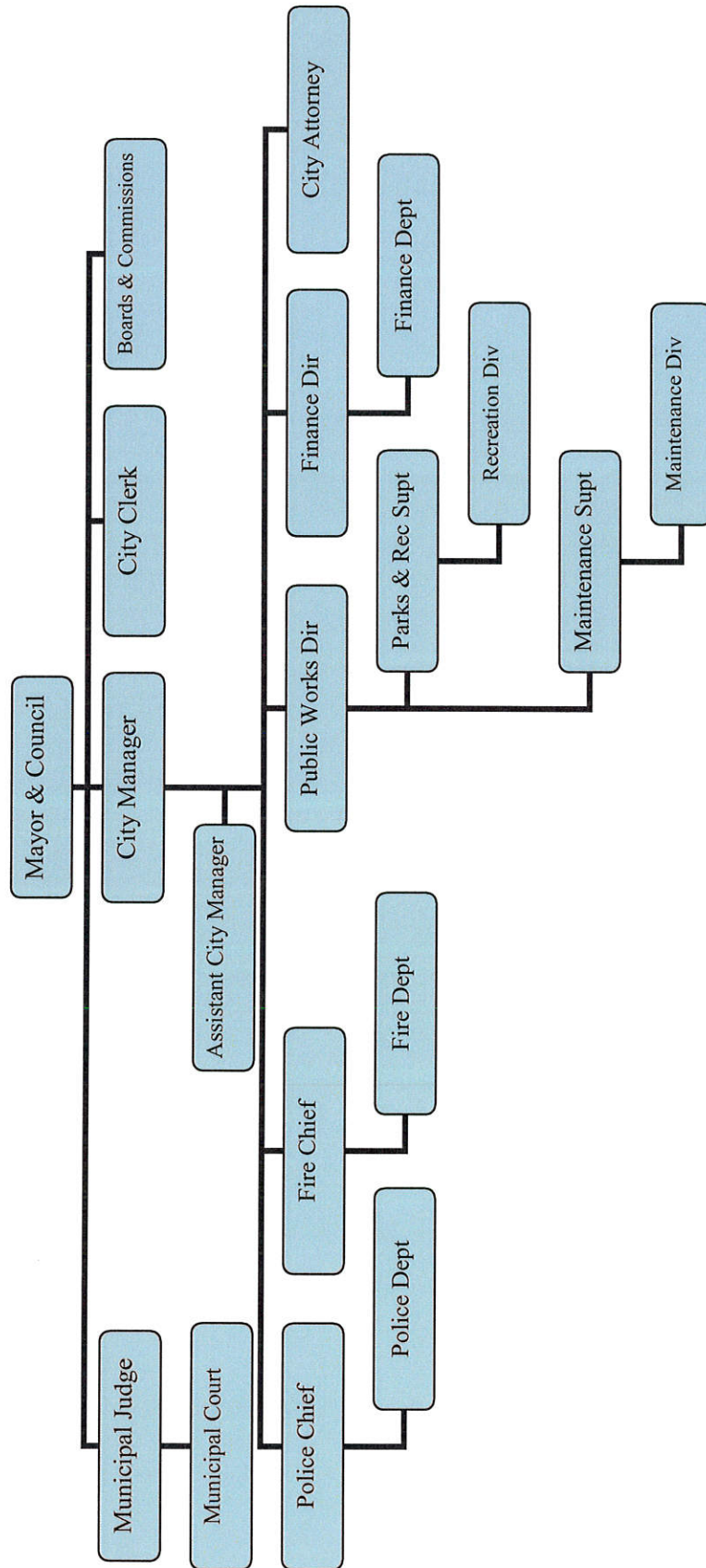
**City of Hazelwood
Missouri**

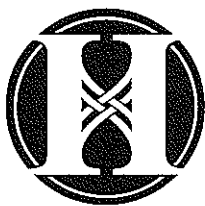
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Hazelwood Organizational Chart





The City of Hazelwood
November 23, 2016

much more
than you imagine



The Honorable Mayor, City Council, and
the Citizens of Hazelwood, Missouri

Ladies and Gentlemen:

We are pleased to present the comprehensive annual financial report of the City of Hazelwood, Missouri (the City) for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to accurately present the financial position and results of operations of the City. All disclosures necessary to provide an understanding of the City's financial activities have been included.

This report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and 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.

This report includes all funds and activities of the City. The City provides a full range of services including police protection, fire service, construction and maintenance of streets and infrastructure, parks and recreation services, city planning and building inspection, and administration.

Economic Condition and Outlook

The City is located on the eastern border of the State of Missouri in North St. Louis County. Its location is immediately north of the airport at the intersections of Highways 270 and 170 and Highways 270 and 370, and less than two miles from I-70. A major interchange of Highway 370 networks the Missouri River Bottoms area, which is home to the St. Louis Outlet Mall and Cabela's to St. Charles County. This transportation crossroads is a prime location for businesses and residents alike. The mix of major industrial and commercial areas, which transitions to beautiful parks and residential neighborhoods, is an unusual and diverse blend.

City Hall & Public Works
t: 314.839.3700
f: 314.839.0249
415 Elm Grove Lane

City Maintenance
t: 731.8701
f: 731.4240
115 Ford Lane

Fire Department
t: 731.3424
f: 731.1976
6800 Howdershell Road **iv**

Municipal Court
t: 839.2212
f: 838.5169
415 Elm Grove Lane

Parks & Recreation
t: 731.0980
f: 731.0989
1186 Teson Road

Police Department
t: 839.3700
f: 838.5169
415 Elm Grove Lane

There are also two large industrial parks in the southern portion of the City: Aviator Business Park and Hazelwood Logistics Center. Both parks are approved for mixed commercial and industrial uses. The plans for each park call for retail and commercial uses along the N. Lindbergh frontage and warehousing and logistics facilities in the rest of the parks. Aviator contains 3 large industrial buildings, with a fourth planned for calendar 2017, and one commercial center. Hazelwood Logistics Center contains 3 large industrial buildings with two more set to begin construction in FY2017.

The central business district of the City of St. Louis is 20 miles to the southeast. Interstate 55, U.S. Highway 61-67, and State Highways 141 and 231 provide access to St. Louis City and St. Louis County.

High unemployment, high gas prices, a depressed housing market, and slow to moderate growth are some of the economic factors that determine the City of Hazelwood's revenues. The unemployment rate, according to the Missouri Economic Research Center, has been going down all year long for the U.S. and the unemployment rate for the City of Hazelwood is 0.1% higher than the average rate of the rest of the U.S. Gas prices are generally lower in the Midwest and St. Louis had a 4.1% population growth from 2000 to 2010. So as you can see, the current overall U.S. economy is on the rebound. City staff is continuously monitoring economic conditions and will make adjustments to the budget as needed.

Though the outlook for the nation's economy is still volatile, the City benefits from some positive, and offsetting attributes. The City's location near the Lambert International Airport, with rail service, and at the hub of major state and national highways is an asset that cannot be bought at any price. Also, the City's unique blend of industrial, commercial, and residential property provides a diverse and robust foundation. While sales taxes slightly exceeded the previous fiscal years collections, sales tax revenues are actually down. The increase is due to the addition of two (2) new sales taxes. Therefore, the City will continue to look for efficiencies and ways to decrease costs while providing the same level of services to our citizens and customers.

MAJOR GOALS

The City Council and administrative staff regularly develop and update improvement plans designed to improve the quality of community life while maintaining the financial stability of the City.

Goal - Financial vigilance

Short-term goals include continuing the City's full-service status while exercising vigilant stewardship of the City's financial position. Monthly updates are utilized.

While the City recently approved two sales tax ballot issues, revenues continue to decrease in sales tax, as well as other revenue sources.

In FY2015, the City formed a pay plan committee, which was approved and implemented by the City Council in FY2016. However, due to the revenues continuously decreasing, the City will not be able to implement a COLA adjustment or a step increase in FY2017.

Management is consistently looking for more efficient ways of operating and are aware that expenditure cuts may be necessary if revenues continue to fall.

Goal - Economic Development and Business Retention

The City passed a one half cent economic development sales tax effective July 1, 2007. The funds have been used for a variety of projects: street improvements and maintenance, operating the economic development office and GIS program, matching state and federal grants, advertising and marketing and participating in regional programs.

One of the most effective programs funded by the sales tax has been a local option loan fund. Since its inception, it has been used to attract or retain a number of businesses in the community. 12 loans have been made from the fund to date, totaling almost \$10 million. These loans have been used to retain or attract approximately 1,800 jobs.

The City approved two loans in FY16. The first was for Trans-Lux. This is a company that manufactures various video displays including billboards, signs and scoreboards. The \$650,000 loan was made in conjunction with incentives from the state of Missouri. Trans-Lux has relocated production from Iowa to Aviator, with 90 employees planned in the first two years. The second loan was to Bommarito. This is a large regional auto dealership. Bommarito had four dealerships and one body shop in Hazelwood. The \$750,000 loan will allow them to purchase a fifth dealership and add jobs among the Hazelwood locations.

Goal – Encourage energy efficiency

The City is continuously expanding its commitment to raising awareness and investing in green technology.

The City established The Green Committee which was formed to lead Hazelwood into becoming a community in which residents and visitors will enthusiastically take sustainable action to conserve the environment and our natural resources.

In FY2016, Hazelwood received a grant to promote our annual Recycle Day (collection of electronics, appliances, usable household items, cardboard and single stream recyclables). During the Easter Egg Hunt, Recycle Day and HarvestFest, hundreds of recycling pledge cards were turned in by citizens that pledged to recycle. Pledge cards were entered into drawings for prizes at two (2) City Council meetings. Other activities included event recycling for the 4th of July fireworks and HarvestFest, special litter pick-up with the Hazelwood West High School, and regular litter pick-ups at the Lindbergh/Lynn Haven/Taylor intersection, Dunn Road, and Truman Park.

Goal - Invest in vehicles, buildings, parks, and equipment to maintain service level

The following items were some of the investment purchases made by the City in FY2016: 1 vehicle for the City Manager, 1 vehicle for the Public Works Director, 1 vehicle for the K9 unit and a new K9 dog, 5 vehicles for the Police Department, as well as a new roof for both City Hall and the Community Center, 10 tasers to replace the outdated tasers, 5 mobile digital video recorder for the Police Department, Fiber network installation to most of the City facilities, completion of the McDonnell Bridge Landscape project and a Stryker Stretcher for the ambulance. These investments are intended to protect the City's excellent service level.

Goal - Preserve the Quality of Residential Neighborhoods

People are the City's greatest asset, and the neighborhoods in which they reside are one of the most important responsibilities of a government. The provision of high quality basic services, including police, fire, road maintenance, parks, and solid waste collection, are critical for their continued desirability. Uniformity in the provision of services is a goal.

The existing housing inspection program prescribes minimum maintenance requirements for structures and premises to assure safety and provide for abatement of potential hazards. This program helps assure the preservation of the City's neighborhoods. Also, the City administers a residential occupancy permit requirement designed to protect property values.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls. The controls are designed to ensure 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 GAAP. The controls are designed to provide reasonable, but not absolute, assurance 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.

Budgeting Controls

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. General Fund, Asset Forfeiture Fund, Capital Projects Fund, Sewer Lateral Fund, and Economic Development Fund activities are included in the annual budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Compliance and Internal Control

As a recipient of federal financial assistance, the City is responsible for maintaining adequate internal controls to ensure compliance with applicable laws and regulations related to those programs.

Pension Trust Fund Operations

The City contributed more than 100% of the annual required contribution to the Pension Plan in FY2016. However, the amount was flat-lined in FY2017, which after receiving the actuarial report was about 98% of the annual required contribution. According to the most recent actuarial valuation dated July 1, 2016, the funded ratio is 87.8%, compared to 88.3% in 2015, 88.2% in 2014, 86% in 2013, 85.1% in 2012 and 85.3% in 2011.

Long-term Debt

At June 30, 2016 the City had long-term debt in the amount of \$34,041,557 detailed in the notes to the financial statements. Missouri statutes set the City's legal general obligation debt limit at 10% of the City's total assessed valuation of real and personal property, a limit of approximately \$51.6 million.

OTHER INFORMATION

Independent Audit

Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Botz, Deal & Company, PC was selected by the City Council to perform the 2016 audit. The auditor's report on basic financial statements is included in the financial section of this report. As independent auditors, Botz, Deal & Company, PC, also provides an objective outside review of management's performance in reporting operating results and financial condition.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the eighteenth consecutive year that 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 comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report 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 preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. The finance staff especially contributed a great deal of time and diligence.

We would also like to acknowledge the assistance of our independent public accountants, Botz, Deal & Company, PC, in formulating this report. And we would like to extend our sincere gratitude to you, Mayor and City Council, for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Matthew Zimmerman
City Manager



Lori A. Obermoeller
Finance Director



Section II

Financial Section

INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of the City Council
CITY OF HAZELWOOD, MISSOURI

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri, as of and for the year ended June 30, 2016, 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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 unit, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri, as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of funding progress and budgetary comparison information on pages 4 through 10 and 43 through 51 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 supplementary 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 an opinion on the financial statements that collectively comprise the City of Hazelwood, Missouri's basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison schedules included in supplemental information on pages 52 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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. The 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 information 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from the related 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relations 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 November 23, 2016, on our consideration of the City of Hazelwood'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 City of Hazelwood's internal control over financial reporting and compliance.

Botz Deal & Company
November 23, 2016

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

As management of the City of Hazelwood, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,962,704 (net position). The City had negative unrestricted net position totaling (\$24,866,905). This deficit is mainly due to \$17,055,000 of tax increment financing (TIF) revenue notes plus \$9,364,962 in accrued interest on those notes that were used for development that the City does not own.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,452,614, a decrease of \$1,695,616 in comparison with the prior year fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,357,590 or 21.9% of total General Fund expenditures.
- The City's long-term liabilities increased by a net \$4,030,429 during the most recent fiscal year mainly due to the increase in net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Industrial Development Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - 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 funds 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 - 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing 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 this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statements of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Funds, Debt Services Fund, 370/MO Bottom Road Tax Increment Financing District Fund, and Economic Development Fund, all of which are considered to be major funds. Data from the other four funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Asset Forfeitures Fund, Capital Projects Fund, Sewer Lateral Fund, and Economic Development Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with these budgets.

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 statement 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.

Notes to 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.

Required supplemental information - This Management's Discussion and Analysis, the General Fund and Economic Development Fund budgetary comparison schedules and pension schedules represent financial information required by accounting principle generally accepted in the United States of America to be presented.

Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplemental information - This part of the annual report includes optional financial information such as combining statements for the nonmajor governmental funds and budgetary comparison schedules for the Capital Projects Fund and Sewer Lateral Fund. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS-PRIMARY GOVERNMENT

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,962,704 at the close of the most recent fiscal year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the statement of net position is as follows:

	June 30		2016 Change	
	2016	2015	Amount	Percent
ASSETS				
Current and other assets	\$ 16,649,113	\$ 17,294,919	\$ (645,806)	(3.7) %
Capital assets	37,943,034	37,400,206	542,828	1.5
Total Assets	54,592,147	54,695,125	(102,978)	(0.2)
DEFERRED OUTFLOWS				
Deferred charges on refunding	553,757	-	553,757	100.0
Deferred outflows-pension related	4,658,402	827,770	3,830,632	462.8
Total deferred outflows	5,212,159	827,770	4,384,389	529.7
LIABILITIES				
Current and other liabilities	12,506,358	11,848,182	658,176	5.6
Long-term liabilities	41,204,239	37,173,810	4,030,429	10.8
Total Liabilities	53,710,597	49,021,992	4,688,605	9.6
DEFERRED INFLOWS				
Deferred inflows-pension related	131,005	-	131,005	100.0
NET POSITION				
Net investment in capital assets	23,356,189	21,730,322	1,625,867	7.5
Restricted	7,473,420	8,183,252	(709,832)	(8.7)
Unrestricted	(24,866,905)	(23,412,671)	(1,454,234)	(6.2)
Total Net Position	\$ 5,962,704	\$ 6,500,903	\$ (538,199)	(8.3)

Governmental activities decreased the City's net position by \$538,199.

A condensed version of the statement of activities is as follows:

	June 30		2016 Change	
	2016	2015	Amount	Percent
REVENUES				
Program revenues:				
Charges for service	\$ 2,546,999	\$ 2,531,579	\$ 15,420	0.6%
Operating grants and contributions	1,773,612	2,276,605	(502,993)	(22.1)
Capital grants and contributions	1,453,505	616,661	836,844	135.7
General revenues:				
Taxes	27,406,707	28,911,602	(1,504,895)	(5.2)
Licenses and other	4,608,504	4,781,426	(172,922)	(3.6)
Total Revenues	37,789,327	39,117,873	(1,328,546)	(3.4)
EXPENSES				
General government	2,851,643	2,977,964	(126,321)	(4.2)
Police	8,392,854	7,917,507	475,347	6.0
Fire and ambulance	10,030,460	9,379,951	650,509	6.9
Public works	3,923,809	3,824,403	99,406	2.6
Parks and recreation	3,153,006	2,760,122	392,884	14.2
Economic development	7,187,499	7,805,287	(617,788)	(7.9)
Sewer lateral	69,192	97,294	(28,102)	(28.9)
Interest on long-term debt	2,719,063	2,670,729	48,334	1.8
Total Expenses	38,327,526	37,433,257	894,269	2.4
CHANGE IN NET POSITION	\$ (538,199)	\$ 1,684,616	\$ (2,222,815)	(131.9)

Revenues decreased mainly due to a decrease in assessed valuation of personal property values, as well as a decrease in business licenses and court fines. Also, in FY2015, we had a one-time lawsuit settlement of \$465,000 that was not in FY2016. Expenses increased mainly due to a revision to the City's Pay Plan which was implemented in November 2015.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - the focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances, of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the city's net resource available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,452,614, a decrease of \$1,695,616 in comparison with the prior year. The City currently has an unassigned fund balance of \$5,357,590. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been designated.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,357,590, while total fund balance reached \$5,381,360. 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. Unassigned fund balance represents 21.9% of total General Fund expenditures, while total fund balance represents 22.0% of that same amount. The fund balance of the General Fund decreased by \$985,084 during the fiscal year. This decrease is due to revenues decreasing in all categories. Staff anticipated revenues being down, but they were over \$2.2M below budget, which was much worse than expected.

The Capital Projects Fund balance increased \$93,561 during the fiscal year to \$809,156. The main reason for the increase was due to the Fiber Project not being completed before the year end

The Debt Service Fund decreased its fund balance \$92,639 during the fiscal year to \$777,597. The main reason for the decrease is due to debt service payments. The entire fund balance is restricted for payment of the general obligations bonds.

The Economic Development Fund increased its fund balance \$749,372 during the fiscal year to \$3,472,582. The reason for the increase is due to less local incentive payments going out to businesses. A few projects were in the works, but did not get finalized by year end, so they will be carried over to the next fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were various budget transfers for the General Fund. Revenues were \$2,247,585 below the budgeted amount of \$26,320,081, due to various revenues being under budget. Expenditures were \$1,248,529 below the budgeted amount of \$25,705,293 due to adjustments made to spending.

CAPTIAL ASSETS

Capital asset balances (net of accumulated depreciation) are detailed below. More information on capital asset activity during the year is provided in the notes to financial statements in Note 4.

		June 30	
		2016	2015
Land, right-of-way, and construction in progress	\$	7,155,863	\$ 4,933,859
Buildings and improvements		11,478,181	11,811,203
Infrastructure		15,935,067	16,814,081
Machinery, equipment, and furniture and fixtures		1,341,112	1,568,394
Automotive equipment		2,032,811	2,272,669
Total Capital Assets	\$	<u>37,943,034</u>	<u>\$ 37,400,206</u>

LONG-TERM DEBT

The City's governmental activities debt is detailed below. More information is provided in the notes to financial statements in Note 5.

	June 30	
	2016	2015
General obligation bonds	\$ 9,943,766	\$ 10,590,847
Certificates of participation	3,806,030	4,009,412
Tax increment revenue notes	17,055,000	17,055,000
Notes payable	5,674	9,027
Capital lease obligations	1,766,308	1,480,598
Compensated absences	1,464,779	1,456,290
Total Long-term Debt	\$ 34,041,557	\$ 34,601,174

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions may be highlighted as follows at the close of fiscal year 2016:

- Gas prices average \$2.352 in the Midwest and \$2.353 nationally for All Grades (all history) per www.eia.gov/petroleum/gasdiesel/.
- Midwest urban wage earners and clerical workers consumer price index at June 30, 2016 has increased .4% since June 30, 2015.
- The unemployment rate in the United States has decreased for fiscal year 2015 to 5.1% according to the Missouri Economic Research Center. The City's unemployment rate has also decreased from fiscal year 2015 to 5%.
- Total 2016 General Fund revenues were \$799,574, or 3.3%, less than 2015 due mainly to a decrease in property assessed valuations, a decrease in overall sales taxes even though we recently added two new sales taxes, a decrease in court fines due to SB5 being implemented, and due to business license revenue being down. Plus, the city received a one-time lawsuit settlement in FY2015 that was not in FY2016.
- All 2016 sales taxes (including park and stormwater, capital improvements, and economic development, as well as the use tax, the hotel tax and the new fire sales tax) increased 1.7%, or \$245,868, over 2015 and 7.9%, or \$1,094,311, less than budget. A 1.4% overall increase is included in the 2017 budget
- 2016 is not a reassessment year. However, the trend has been decreasing values even in non-reassessment years; therefore the budget does include a 0.8% decrease in property taxes in Fiscal year 2017.
- The City's Fund Balance Policy requires a minimum General Fund unassigned fund balance of 17% of revenue. 2016 unassigned fund balance represents 21.9% of expenditures, which is slightly less than the City's informal ideal balance of 25%.
- Because the City has seen a huge decrease in revenues, management of the city will remain vigilant in examining revenue trends and react as needed.
- The City will continue to look for efficiencies and ways to cut expenditures costs, as well as any "rightsizing" opportunities.
- The City's 2017 budget does not include any COLA adjustments or step increases
- The 2017 Budget projects a \$1,003,614 decrease in the General Fund balance (unassigned fund balance of 17.6% of expenditures).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or would like additional financial information, please contact the Finance Office 415 Elm Grove Lane, Hazelwood, MO 63042 or telephone at 314-839-3700.

CITY OF HAZELWOOD, MISSOURI

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Industrial Development Authority
ASSETS		
Cash and investments	\$ 10,068,381	\$ 8,027,742
Receivables:		
Property taxes	870,837	-
Sales taxes	2,788,863	-
Special assessments	420,000	-
Ambulance	208,910	-
Court	134,000	-
Other	2,045,512	484,464
Due from Fiduciary Fund	17,350	-
Prepaid items	74,194	-
Cash - restricted	21,176	-
Capital assets - net:		
Nondepreciable	7,155,863	-
Depreciable	30,787,171	-
TOTAL ASSETS	<u>54,592,257</u>	<u>8,512,206</u>
DEFERRED OUTFLOWS		
Deferred charges on refunding	553,757	-
Deferred outflow related to pension	4,658,402	-
TOTAL DEFERRED OUTFLOWS	<u>5,212,159</u>	<u>-</u>
LIABILITIES		
Accounts payable	2,106,782	6,542,929
Accrued payroll and employee benefits	307,866	-
Accrued interest	9,620,977	127,451
Other liabilities	410,843	-
Unearned revenue	60,000	-
Noncurrent liabilities:		
Due in one year	2,637,732	470,000
Due in more than one year	31,403,825	4,727,647
Net OPEB obligation	288,461	-
Net pension liability	6,874,221	-
TOTAL LIABILITIES	<u>53,710,707</u>	<u>11,868,027</u>
DEFERRED INFLOWS		
Deferred inflow related to pension	131,005	-
NET POSITION		
Net investment in capital assets	23,356,189	-
Restricted for:		
Asset forfeiture	187,542	-
Capital projects	804,740	-
Debt service	1,202,013	1,531,639
Economic development	4,984,607	-
Sewer lateral	294,518	-
Unrestricted	(24,866,905)	(4,887,460)
TOTAL NET POSITION	<u>\$ 5,962,704</u>	<u>\$ (3,355,821)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Position	
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Component Unit Industrial Development Authority
Primary Government						
Governmental Activities						
General government	\$ 2,851,643	\$ 601,694	\$ -	\$ 304,300	\$ (1,945,649)	\$ -
Police	8,392,854	702,878	465,128	-	(7,224,848)	-
Fire and ambulance	10,030,460	593,099	9,430	-	(9,427,931)	-
Public works	3,923,809	-	1,299,054	1,142,805	(1,481,950)	-
Parks and recreation	3,153,006	616,201	-	6,400	(2,530,405)	-
Economic development	7,187,499	-	-	-	(7,187,499)	-
Sewer lateral	69,192	33,127	-	-	(36,065)	-
Interest and fiscal charges	2,719,063	-	-	-	(2,719,063)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 38,327,526</u>	<u>\$2,546,999</u>	<u>\$ 1,773,612</u>	<u>\$ 1,453,505</u>	<u>(32,553,410)</u>	<u>-</u>
Component Unit						
Industrial Development Authority	<u>\$ 6,896,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(6,896,140)</u>
Taxes:						
Property					9,165,194	-
Sales					14,984,160	-
Utility					3,181,021	-
Other					76,332	7,122,316
Licenses					3,362,809	-
Investment income					76,066	36,297
Other miscellaneous revenue					1,169,629	-
TOTAL GENERAL REVENUES					<u>32,015,211</u>	<u>7,158,613</u>
CHANGE IN NET POSITION					(538,199)	262,473
NET POSITION, BEGINNING OF YEAR					<u>6,500,903</u>	<u>(3,618,294)</u>
NET POSITION, END OF YEAR					<u>\$ 5,962,704</u>	<u>\$ (3,355,821)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Nonmajor Funds	Total
ASSETS							
Cash and investments	\$ 3,339,643	\$ 928,220	\$ 699,799	\$ 10,066	\$ 3,134,929	\$ 1,955,724	\$ 10,068,381
Receivables, net:							
Property taxes	792,774	-	78,063	-	-	-	870,837
Sales taxes	1,923,909	296,845	-	274,863	269,999	23,247	2,788,863
Special assessments	-	-	420,000	-	-	-	420,000
Ambulance	208,910	-	-	-	-	-	208,910
Court	134,000	-	-	-	-	-	134,000
Other	750,706	12,556	-	947,317	334,651	358	2,045,588
Due from other funds	17,350	-	-	-	-	-	17,350
Prepaid items	23,770	-	-	-	17,834	32,590	74,194
Cash - restricted	21,176	-	-	-	-	-	21,176
TOTAL ASSETS	\$ 7,212,238	\$ 1,237,621	\$ 1,197,862	\$ 1,232,246	\$ 3,757,413	\$ 2,011,919	\$ 16,649,299
LIABILITIES							
Accounts payable	\$ 164,066	\$ 428,465	\$ 265	1,232,246	\$ 281,816	\$ -	\$ 2,106,858
Accrued payroll	304,851	-	-	-	3,015	-	307,866
Other liabilities	410,843	-	-	-	-	-	410,843
Unearned revenue:							
Fire protection service	60,000	-	-	-	-	-	60,000
TOTAL LIABILITIES	939,760	428,465	265	1,232,246	284,831	-	2,885,567
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues:							
Property taxes	621,017	-	-	-	-	-	621,017
Special assessments	-	-	420,000	-	-	-	420,000
Ambulance	136,101	-	-	-	-	-	136,101
Court	134,000	-	-	-	-	-	134,000
TOTAL DEFERRED INFLOWS	891,118	-	420,000	-	-	-	1,311,118
FUND BALANCES:							
Non-spendable:							
Prepaid items	23,770	-	-	-	17,834	32,590	74,194
Restricted:							
Asset forfeiture	-	-	-	-	-	154,952	154,952
Capital projects	-	804,740	-	-	-	-	804,740
Debt service	-	4,416	777,597	-	-	-	782,013
Economic development	-	-	-	-	3,454,748	1,529,859	4,984,607
Sewer lateral	-	-	-	-	-	294,518	294,518
Unassigned	5,357,590	-	-	-	-	-	5,357,590
TOTAL FUND BALANCES	5,381,360	809,156	777,597	-	3,472,582	2,011,919	12,452,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
	\$ 7,212,238	\$ 1,237,621	\$ 1,197,862	\$ 1,232,246	\$ 3,757,413	\$ 2,011,919	\$ 16,649,299

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF JUNE 30, 2016

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

Total fund balance per balance sheet	\$ 12,452,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,943,034
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,311,118
Certain items related to the pension plan are recorded as deferred inflows of resources and deferred outflows of resources in the statement of net position. They do not affect current financial resources and are therefore not reported in the fund statements.	4,527,397
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due.	(9,620,977)
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:	
Net OPEB obligation	(288,461)
Net pension liability	(6,874,221)
Accrued compensated absences	(1,464,779)
Deferred items on refunding	553,757
Outstanding debt	<u>(32,576,778)</u>
Net position of governmental activities	<u>\$ 5,962,704</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Nonmajor Funds	Total
REVENUES							
Property taxes	\$ 3,860,885	\$ -	\$ 993,016	\$ 2,987,032	\$ -	\$ 1,620,828	\$ 9,461,761
Sales taxes	9,044,989	1,758,602	-	2,063,780	1,976,291	140,498	14,984,160
Utility taxes	3,119,432	-	-	61,589	-	-	3,181,021
Other taxes	1,375,386	-	-	-	-	-	1,375,386
Permits and inspections	541,980	-	-	-	-	-	541,980
Licenses	3,362,809	-	-	-	-	-	3,362,809
Intergovernmental	429,361	16,950	-	-	1,135,805	34,647	1,616,763
Fines and forfeitures	762,592	-	-	-	-	-	762,592
Investment income	77,326	(1,787)	2	-	398	127	76,066
Recreation fees	616,201	-	-	-	-	-	616,201
Sewer lateral	-	-	-	-	-	33,127	33,127
Miscellaneous	899,296	13,407	80,122	-	223,708	-	1,216,533
TOTAL REVENUES	24,090,257	1,787,172	1,073,140	5,112,401	3,336,202	1,829,227	37,228,399
EXPENDITURES							
Current:							
Mayor and council	91,620	-	-	-	-	-	91,620
City manager	533,148	-	-	-	-	-	533,148
Information systems	481,236	-	-	-	-	-	481,236
Finance	470,306	-	2,096	-	-	-	472,402
Legal	422,857	-	-	-	-	-	422,857
City clerk	247,803	-	-	-	-	-	247,803
Police	7,630,108	-	-	-	-	124,065	7,754,173
Fire and ambulance	9,439,566	-	-	-	-	-	9,439,566
Public works:							
Administration	1,287,119	-	-	-	-	-	1,287,119
General maintenance	977,152	-	-	-	-	-	977,152
Park maintenance	857,852	-	-	-	-	-	857,852
Recreation	1,891,442	-	-	-	-	-	1,891,442
Sewer lateral	-	-	-	-	-	69,192	69,192
Economic development	-	534,400	-	5,112,401	534,430	886,372	7,067,603
Capital outlay	126,555	1,342,781	-	-	1,910,592	-	3,379,928
Debt service:							
Principal	-	522,637	885,000	-	84,000	-	1,491,637
Interest	-	141,894	281,650	-	57,808	2,210,500	2,691,852
Costs of issuance	-	66,498	66,742	-	35,807	-	169,047
TOTAL EXPENDITURES	24,456,764	2,608,210	1,235,488	5,112,401	2,622,637	3,290,129	39,325,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(366,507)	(821,038)	(162,348)	-	713,565	(1,460,902)	(2,097,230)
OTHER FINANCING SOURCES (USES)							
Sale of assets	20	11,290	-	-	-	-	11,310
Debt proceeds	-	3,180,745	3,945,000	-	1,363,250	-	8,488,995
Bond premium	-	128,236	345,441	-	69,050	-	542,727
Payment to escrow agent	-	(3,024,269)	(4,220,732)	-	(1,396,493)	-	(8,641,494)
Payment to trustee	-	-	-	-	-	76	76
Transfers in	-	618,597	-	-	-	-	618,597
Transfers out	(618,597)	-	-	-	-	-	(618,597)
TOTAL OTHER FINANCING SOURCES (USES)	(618,577)	914,599	69,709	-	35,807	76	401,614
CHANGE IN FUND BALANCE	(985,084)	93,561	(92,639)	-	749,372	(1,460,826)	(1,695,616)
FUND BALANCES - BEGINNING OF YEAR	6,366,444	715,595	870,236	-	2,723,210	3,472,745	14,148,230
FUND BALANCES - END OF YEAR	\$ 5,381,360	\$ 809,156	\$ 777,597	\$ -	\$ 3,472,582	\$ 2,011,919	\$ 12,452,614

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016**

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

Change in fund balance-total governmental funds	\$ (1,695,616)
The acquisition of capital assets requires the use of current financials resources, but has no effect on net position.	3,385,250
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(2,810,412)
The net effect of other miscellaneous transactions involving capital assets (i.e.. sales or trade-ins) that decreases net position.	(32,010)
Revenues in the statement of activities that do not provide current financial resources, are not reported as revenue in the governmental funds.	270,252
The proceeds from the issuance of long-term debt is an other financing source in the fund financial statements, however it is a liability in the government-wide financial statements and has no affect on net position.	(9,031,722)
Payment of bond principal, capital lease principal payments and payments made on refunded debt reduce fund balance in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	10,133,132
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 changes of these items are:	
Accrued compensated absences	(8,489)
Accrued interest	121,382
Amortization of premium/discount	20,453
Net OPEB obligation	(16,471)
Net pension liability	(873,948)
Change in net position of governmental activities	<u><u>\$ (538,199)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND
JUNE 30, 2016

CURRENT ASSETS

Investments at fair value:

Common stock	\$ 11,458,936
Corporate obligations	5,299,621
Money market funds	443,523
Mutual funds - equity	8,801,145
Mutual funds - fixed income	4,070,423
Government and agency securities	3,971,203
Interest receivable	87,696
TOTAL ASSETS	<u>34,132,547</u>

CURRENT LIABILITIES

Due to other funds	<u>17,350</u>
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NET POSITION

Restricted for pension	<u><u>\$ 34,115,197</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONS

Employer contributions	\$ 1,321,523
Investment earnings:	
Interest and dividends	841,321
Investment return	(1,872,769)
Trustee fees - asset management	(120,932)
Total investment earnings	(1,152,380)
 TOTAL ADDITIONS	 169,143

DEDUCTIONS

Distributions	1,945,439
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CHANGE IN NET POSITION	(1,776,296)
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NET POSITION - BEGINNING OF YEAR	35,891,493
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NET POSITION - END OF YEAR	\$ 34,115,197
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The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 City's financial reporting entity consists of the City and its discretely presented component unit, the Industrial Development Authority (IDA). The members of the governing board of the IDA are approved by the City. Although the City cannot impose its will on the IDA, the City provides a material subsidy to the IDA primarily to finance the operations of the organization. Together, the City and the IDA form the reporting entity for financial purposes. Complete financial information for the IDA can be obtained from the City's finance department.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the component unit for which the City is financially accountable. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated.

Statement of Net Position -The statement of net position is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense in the statement of activities. The net position of the City are broken down into three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net position and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based 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. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

The fund financial statements of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Governmental 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 City reports the following major governmental funds:

General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

Capital Projects Fund - The City uses this fund to account for financial resources to be used for the acquisition, construction, improvements, or debt related major capital facilities and infrastructure.

Debt Service Fund - The City uses this fund to account for the accumulation of resources for, and the payment of, certain long-term debt principal, interest, and related costs.

370/MO Bottom Road Tax Increment Financing District Fund - The City uses this fund to account for special revenues received from the TIF District which are required to be segregated into a special allocation fund designated for use in the TIF District only.

Economic Development Fund - The City uses this special revenue fund to account for economic development sales tax, which is required to be used for economic development within the City.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

Additionally, the City uses fiduciary fund types to account for assets held by the City in a trustee capacity as an agent or on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. The City reports the following fiduciary funds:

Pension Trust Fund - The City uses this fund to account for assets held by the City in a trustee capacity for the City's employee retirement plan. This fund is accounted for in essentially the same manner as a proprietary fund.

Discretely Presented Component Unit - Industrial Development Authority (IDA)

The IDA is included as a discretely presented component unit of the City, and is accounted for similar to a governmental fund type.

C. **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. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due (i.e. matured).

For the governmental funds financial statements, the City considers revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, utility taxes, franchise taxes, licenses, permits, interest, special assessments, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Resources received in advance or before eligibility requirements are met are reported as unearned revenues. Charges for services are considered to be measurable and available only when cash is received by the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

D. **CASH AND INVESTMENTS**

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership, but excluding any debt of the city itself, and individual insurance policies. Investments are reported at fair value.

E. **PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. **CAPITAL ASSETS**

Capital assets, which included property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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:

	<u>Year</u>
Buildings	10 - 40
Improvements other than buildings	5 - 40
Infrastructure	10 - 20
Machinery, equipment, and furniture and fixtures	5 - 30
Automotive equipment	5 - 30

G. **ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Since appropriations lapse at year-end, outstanding encumbrances are reappropriated in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. Encumbrances do not constitute current year expenditures or liabilities. Encumbrances outstanding at year-end were \$213,823 for the Economic Development Fund and \$18,000 for the General Fund.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

H. **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 the fund balance that is not in a spendable form or is required to be maintained intact.

Restricted - The portion of the 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 City Manager or Finance Director to which the City Council has designated authority per the City's fund balance policy.

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

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least 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 17% and generally not more than 40% of annual operating expenditures for the fiscal year.

I. **COMPENSATED ABSENCES**

The City provides compensation to employees for earned but unused vacation leave, emergency leave, and compensatory time. Vacation leave is granted to employees based on years of continuous services as of the anniversary date of employment. Unused vacation leave can be accumulated and carried over one year beyond the year earned. Emergency leave is accumulated at the rate of one day per month to a maximum of 90 days. Unused emergency leave is paid at 25% of the amount accrued upon voluntary separation of employment from the City. Compensatory time may be accumulated to a maximum of 10 days. Unused compensatory time is payable upon termination of employment. The City records the liability for compensated absences to City employees as earned in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

J. **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.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

K. **ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Ambulance revenues are shown net of an allowance for uncollectibles of \$208,910.

L. **RESTRICTED ASSETS**

Certain resources set aside to be held as bond deposits to ensure defendants' appearances in court are classified as restricted assets on the balance sheet because their use is limited.

M. **DUE TO/FROM OTHER FUNDS**

Noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation.

N. **LONG-TERM OBLIGATION**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. 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.

O. **DEFERED 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 outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension and deferred charges on debt refundings.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

O. **DEFERED OUTFLOWS/INFLOWS OF RESOURCES** - continued

In addition to liabilities, the statement of financial position will sometimes report 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. Under the modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows related to the pension.

P. **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.

Q. **PENSIONS**

For purposes of measuring the net pension 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 plan (the Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. **CASH AND INVESTMENTS**

Deposit

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 insured or 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, 2016, the City's and IDA's bank balances were entirely secured and collateralized with securities held by the City or by its agent in the City's name.

2. CASH AND INVESTMENTS - continued

Investments

The City's formal investment policies are as follows:

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investment held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy states that they minimize 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.

Concentration of Credit Risk - For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states that they minimize concentration of credit risk by diversifying its investment portfolio.

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment, or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by prequalifying institutions with which the City places investment, diversifying the investment portfolio, and maintaining a standard of quality for investments.

2. CASH AND INVESTMENTS - continued

As of June 30, 2016, the City had the following investments:

Investments	Fair Value	Maturities					Credit Rating
		No Maturity	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years	
Primary Government							
Certificates of deposit	\$ 4,112,960	\$ -	\$ 1,280,248	\$ 2,832,712	\$ -	\$ -	N/A
Repurchase agreement	3,602,690	-	3,602,690	-	-	-	N/A
Money market funds	<u>1,401,057</u>	<u>1,401,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Not rated
Total Primary Government	<u>9,116,707</u>	<u>1,401,057</u>	<u>4,882,938</u>	<u>2,832,712</u>	<u>-</u>	<u>-</u>	
Component Unit (IDA)							
Certificates of deposit	75,696	-	75,696	-	-	-	N/A
Money market funds	7,152,341	7,152,341	-	-	-	-	Not rated
Government securities:							
Federal agency notes	596,638	-	180,515	185,340	-	230,783	AAA
Commercial Paper	<u>189,408</u>	<u>-</u>	<u>189,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	A-1+
Total Component Unit (IDA)	<u>8,014,083</u>	<u>7,152,341</u>	<u>445,619</u>	<u>185,340</u>	<u>-</u>	<u>230,783</u>	
Fiduciary Fund							
Common stock	11,458,937	11,458,937	-	-	-	-	N/A
Corporate obligations	1,056,082	-	-	269,819	104,509	681,754	AAA
Corporate obligations	343,024	-	-	127,157	215,867	-	AA
Corporate obligations	1,701,900	-	51,466	641,571	1,008,863	-	A
Corporate obligations	2,136,856	-	10,245	667,155	1,304,406	155,050	BBB
Corporate obligations	61,758	-	17,315	-	-	44,443	Not rated
Money market funds	443,523	443,523	-	-	-	-	Not rated
Mutual funds - equity	8,801,145	8,801,145	-	-	-	-	N/A
Mutual funds - fixed income	4,070,423	-	-	-	4,070,423	-	B
Government securities:							
Federal agency notes	1,144,170	-	53,619	739,625	286,658	64,268	AAA
Municipal issues	64,514	-	-	-	64,514	-	A-
U.S. Treasury notes	<u>2,762,519</u>	<u>-</u>	<u>1,012,535</u>	<u>844,258</u>	<u>905,726</u>	<u>-</u>	AAA
Total Fiduciary Fund	<u>34,044,851</u>	<u>20,703,605</u>	<u>1,145,180</u>	<u>3,289,585</u>	<u>7,960,966</u>	<u>945,515</u>	
Total Investments	\$ 51,175,641	\$ 29,257,003	\$ 6,473,737	\$ 6,307,637	\$ 7,960,966	\$ 1,176,298	

3. FAIR VALUE MEASUREMENTS

The City of Hazelwood, Missouri categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

3. FAIR VALUE MEASUREMENTS - continued

Common stock, U.S. Government Securities, and corporate obligations are valued at quoted prices (Level 1).

Market Indexed Certificates of Deposits and Market Linked Certificates of deposits are valued based upon a matrix or model pricing method (Level 2).

Equity mutual funds and fixed income mutual funds are valued using the net asset value at the close of business each day multiplied the number of shares held by the City at the close of business. (Level 2).

Money market funds are valued based on various market and industry inputs (Level 2 inputs).

4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2016 is as follows:

	Balance, Beginning Of Year	Additions	Transfers And Deletions	Balance, End Of Year
Governmental activities:				
Capital assets, not being depreciated				
Land and right-of-way	\$ 4,481,782	\$ 528,074	\$ -	\$ 5,009,856
Construction in process	452,077	2,130,641	(436,711)	2,146,007
Total capital assets, not being depreciated	4,933,859	2,658,715	(436,711)	7,155,863
Capital assets, being depreciated:				
Building and improvements	22,866,566	366,111	(10,673)	23,222,004
Infrastructure	37,202,323	436,711	-	37,639,034
Machinery, equipment, and furniture and fixtures	5,652,952	143,900	(146,807)	5,650,045
Automotive equipment	4,971,835	216,527	(212,032)	4,976,330
Total capital assets, being depreciated	70,693,676	1,163,249	(369,512)	71,487,413
Less accumulated depreciation for:				
Building and improvements	(11,055,363)	(693,496)	5,036	(11,743,823)
Infrastructure	(20,388,242)	(1,315,725)	-	(21,703,967)
Machinery, equipment, and furniture and fixtures	(4,084,558)	(369,531)	145,156	(4,308,933)
Automotive equipment	(2,699,166)	(431,660)	187,307	(2,943,519)
Total accumulated depreciation	(38,227,329)	(2,810,412)	337,499	(40,700,242)
Total capital assets, being depreciated, net	32,466,347	(1,647,163)	(32,013)	30,787,171
Total governmental activities	\$ 37,400,206	\$ 1,011,552	\$ (468,724)	\$ 37,943,034

4. **CAPITAL ASSETS** - continued

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

Governmental activities:	
General government	\$ 513,506
Police	171,410
Fire and ambulance	360,795
Public works	1,505,552
Parks and recreation	<u>259,149</u>
Total depreciation expense - governmental activities	<u>\$ 2,810,412</u>

5. **LONG TERM DEBT**

General Obligation Bonds

2001 general obligation neighborhood improvement bonds issue of \$1,030,000 used for advance refunding of a 1999 bond issue to temporarily finance the costs of the Lambert Pointe Business Centre Improvement Project. Interest rates range from 3.8% to 6.75, due April 1, 2021. \$ 360,000

2007 general obligation street bonds issue of \$6,630,000 used for constructing, reconstructing, extending, and improving the City's streets and sidewalks. Interest rate is 4.25% due March 1, 2017. 320,000

2012 general obligation refunding bonds issue of \$5,289,047 for a crossover refunding of a portion of the general obligation street bonds series 2005. The series 2012 bonds bear interest ranging from 1.25% to 2.2%. The series 2012 bonds include \$64,047 of capital appreciation bonds due March 1, 2022. At June 30, 2016, \$143,636 was included in accrued interest for the interest accretion. The net proceeds of the Series 2012 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the Series 2005 bonds to the "crossover" date of March 1, 2015. A crossover refunding does not result in defeasance of debt prior to the crossover date because the asset placed in the irrevocable escrow are not used solely for satisfying scheduled payment on the defeased debt. 4,769,047

2015 general obligation refunding and improvement bond issue of \$3,945,000 for refunding a portion of the 2007 general obligation street bonds. Proceeds from the issue were deposited into an irrevocable escrow account with a third party trustee to refund \$4,000,000 in existing series 2007 bonds when called in March 2017. As a result, the refunded portion of the liability for the 2007 bonds has been removed from the statement of net position. The current refunding resulted in a cash flow savings of \$359,363 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$326,135. Interest rates range from 2.0% to 4.0, due March 1, 2026. 3,945,000

Total General Obligation Bonds \$ 9,394,047

5. **LONG TERM DEBT** - continued

Certificates of Participation

2015 refunding certificates of participation issue of \$3,895,000 used to refund the outstanding 2008 certificates of participation (used for acquiring, constructing, furnishing, and equipping a new aquatic center and improving Fire Station #1). Proceeds from the issue were deposited into an irrevocable escrow account with a third party trustee to refund \$4,045,000 in existing series 2008 certificates of participation. As a result, the liability for the 2008 certificates of participation has been removed from the statement of net position. The current refunding resulted in a cash flow savings of \$705,170 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$543,367. Interest rates range from 2% to 4%, due April 1, 2027.

\$ 3,655,000

Note Payable

2011 notes payable to the Missouri Department of Natural Resources of \$22,439 used to finance the costs of the design, acquisition, installation, and implementation of energy conservation measure. Interest rate is 0%, due February 1, 2018.

\$ 5,674

A summary of principal and interest debt service requirements is as follows:

For the Years Ending June 30	General Obligation Bonds		Certificates Of Participation		Note Payable Principal
	Principal	Interest	Principal	Interest	
2017	\$ 915,000	\$ 404,969	\$ 285,000	\$ 119,638	\$ 3,353
2018	935,000	214,464	290,000	113,938	2,321
2019	950,000	196,547	300,000	105,238	-
2020	975,000	179,430	305,000	96,238	-
2021	1,000,000	153,682	315,000	87,088	-
2022 - 2026	4,619,047	734,028	1,770,000	248,778	-
2027	-	-	390,000	12,674	-
TOTAL	\$ 9,394,047	\$ 1,883,120	\$ 3,655,000	\$ 783,592	\$ 5,674

The City has tax increment revenue notes which 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 monies on deposit in the Debt Service Reserve Fund. The notes do not constitute a general obligation of the City. The City does not own the assets the debt was issued to build. The tax-exempt portion of the notes (Series A) have an interest rate of 6.75% and the taxable portion of the notes (Series B) have an interest rate of 8.25%. Accrued interest on these notes at June 30, 2016 amounted to \$9,364,962 and amounts outstanding are as follows:

5. **LONG TERM DEBT** - continued

	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>
Tax increment revenue notes:				
Lambert Redevelopment Area - A	8-30-2007	10-3-2029	\$ 415,876	\$ 415,876
Lambert Redevelopment Area - B	8-30-2007	10-3-2029	16,639,124	<u>16,639,124</u>
Total				<u>\$ 17,055,000</u>

The IDA has issued tax increment financing bonds for the purpose of: 1) refunding the TIF notes currently outstanding in the principal amount of \$18,700,000, 2) funding a Debt Reserve Fund for the bonds, 3) funding capitalized interest for the bonds, and 4) paying the cost of the issuance of the bonds. The bonds are special, limited obligations of the IDA, payable solely from payment in lieu of taxes, economic activity tax revenues, and CID revenues generated in the redevelopment area. The interest rate on the bonds range from 4.2 % to 5.5%.

The IDA issued taxable annual appropriation capital projects bonds for the purpose of: 1) financing a wildlife museum, indoor aquarium, and related attractions within a retail store specializing in hunting, fishing, and outdoor gear; 2) fund a Debt service Reserve Fund for the bonds; 3) fund a portion of the capitalized interest on the bonds; and 4) pay certain costs of issuance of the bonds. These bonds are special obligations of the IDA payable solely from certain revenues pledged by the City. The City pledged a portion of its parks and stormwater sales tax, capital improvements sales tax, and hotel/motel tax to pay the bonds. The museum will be owned by the City. The General Fund transferred \$520,755 to the Capital Projects Fund for its portion of the pledged revenues. The Capital Projects Fund paid \$534,400 to the IDA for the year ended June 30, 2015. The interest rates on the bonds range from 5.31% to 5.875%.

	<u>Date Issued</u>	<u>Date of Maturity</u>	<u>Original Amount</u>	<u>Balance June 30, 2015</u>
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment Area	11-25-2003	8-1-2020	\$ 26,385,000	\$ 955,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	03-07-2007	2-1-2027	5,845,000	<u>4,365,000</u>
Total				<u>\$ 5,320,000</u>

5. LONG TERM DEBT - continued

The following is a summary of the changes in the City's long-term debt:

	For the Year Ended June 30, 2016				
	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due Within One Year
Primary Government:					
General obligation bonds	\$ 10,334,047	\$ 3,945,000	\$ (4,885,000)	\$ 9,394,047	\$ 915,000
Plus - premium	256,800	345,441	(52,522)	549,719	-
Certificates of participation	4,045,000	3,895,000	(4,285,000)	3,655,000	285,000
Plus – premium (discount)	(35,588)	197,286	(10,668)	151,030	-
Tax increment revenue notes	17,055,000	-	-	17,055,000	-
Note payable	9,027	-	(3,353)	5,674	3,353
Capital lease obligation	1,480,598	648,995	(363,285)	1,766,308	409,033
Compensated absences	1,456,290	941,477	(932,988)	1,464,779	1,025,346
Total	\$ 34,601,174	\$ 9,973,199	\$ (10,532,816)	\$ 34,041,557	\$ 2,637,732
Component Unit:					
Capital projects bonds	\$ 4,645,000	\$ -	\$ (280,000)	\$ 4,365,000	\$ 295,000
Less - discount	(19,239)	-	(1,649)	(17,590)	-
Tax increment financing revenue bonds	1,120,000	-	(165,000)	955,000	175,000
Less - discount	\$ (128,044)	\$ -	\$ (23,281)	\$ (104,763)	\$ -
Total	5,617,717	-	(469,930)	5,197,647	470,000

Compensated absences are generally liquidated by the General Fund. Capital lease obligations, bonds, and notes payable are liquidated by the appropriate related fund.

6. CAPITAL LEASES

The City enters into equipment lease agreements to purchase capital assets which are accounted for as capital leases. Lease payments under the terms of these agreements are recorded as lease/purchase expenditures in the Capital Projects Fund. The City currently has six such leases outstanding. Leased equipment with a total capitalized cost of \$3,502,068 and accumulated depreciation of \$869,064 is included in the government-wide financial statements.

6. **CAPITAL LEASES** - continued

The future minimum lease payment under the capital leases and the present value of the net minimum lease payment as of June 30, 2016 is as follows:

2017	\$ 448,263
2018	333,913
2019	265,582
2020	265,581
2021	210,316
2022 - 2026	<u>381,682</u>
Total minimum lease payment	1,905,337
Less: amount representing interest	<u>139,029</u>
Present value of future minimum lease payments	\$ <u>1,766,308</u>

7. **EMPLOYEE RETIREMENT PLAN**

General Information about the Plan

Plan Description - The City's defined benefit pension plan (the Plan) is a single-employer plan and provides pensions for all permanent full time policemen, firemen, and other employees of the City. 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 Trust Fund in the City's financial statements. Information about the Plan is provided in a summary plan description.

Benefits provided - Employees who attain the age of 60 or have 5 years of credited service are entitled to a normal retirement benefit equal to: 1) 2% of their final average monthly compensation multiplied by 2) the employee's years of credited service not in excess of 30 years. Participants as of 1989 are entitled to no less than the benefit determined in accordance with the provisions of the Plan in effect immediately prior to 1989, based on credited service to the date. The Plan also provides early retirement, late retirement, vested deferred retirement, and disability benefits.

Employees covered by benefit terms - At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>171</u>
Total	<u>290</u>

7. **EMPLOYEE RETIREMENT PLAN** - continued

Contributions - The City contributes to the Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to 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 do not contribute to the Plan. For the year ended June 30, 2016, the City's actual contribution to the plan represented 12.6% of annual covered payroll.

Investment Policy - The objective of the portfolio is to direct the investment and reinvestment of plan assets with the primary objective of maximizing long-term total return while protecting principal. It is the policy of the Board to pursue an investment strategy through diversification across a selection of asset classes. The Board has set specific limitations with regard to credit quality ratings and the effective duration of the portfolio. The following was the Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	60%	40%	75%
Fixed-Income	40	25	50

Net Pension Liability

The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally using Scale BB.

The mortality basis was changed for the June 30, 2015 valuation from RP-2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment with a static projection using scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expected future real rate of return (expected return, net of pension plan investment expense 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 rate 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:

7. **EMPLOYEE RETIREMENT PLAN** - continued

Actuarial assumptions - continued

Asset Class	Target Asset Allocation	Long-term expected Real Rate of Return
Large Cap Select	34%	7.9%
Mid Cap	12	8.0
International Growth	14	8.4
High Income Bond	12	4.2
Intermediate Gov/Credit	27	1.5
Cash	1	-

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will continue to follow the current funding policy of contributing employer normal cost plus Plan expense plus a 15-year amortization (on an open basis) of unfunded liabilities. Based on this assumption, the Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances - June 30, 2015	\$ 38,087,221	\$ 35,786,575	\$ 2,300,646
Changes for the year:			
Service cost	753,943	-	753,943
Interest	2,919,359	-	2,919,359
Differences between expected and actual experience	(152,442)	-	(152,442)
Changes of assumptions	1,187,416	-	1,187,416
Contribution - employer	-	1,247,549	(1,247,549)
Projected earning on plan investment	-	(1,112,848)	1,112,848
Difference between projected and actual earnings	-	-	-
Benefit payment, including refunds	(1,937,724)	(1,937,724)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	2,770,552	(1,803,023)	4,573,575
Balances - June 30, 2016	\$ 40,857,773	\$ 33,953,552	\$ 6,874,221

7. **EMPLOYEE RETIREMENT PLAN** - continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability	\$12,103,076	\$ 6,874,221	\$ 2,490,255

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

For the year ended June 30, 2016, the city recognized pension expense of \$2,121,497. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ (131,005)
Changes in assumptions	1,020,433	-
Net differences between projected and actual earning on pension plan investments	<u>3,637,969</u>	<u>-</u>
	\$ <u>4,658,402</u>	\$ <u>(131,005)</u>

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

Year ended December 31:	
2017	\$ 1,106,774
2018	1,106,774
2019	1,106,774
2020	899,831
2021	145,546
2022	145,546
2023	<u>16,152</u>
	\$ <u>4,527,397</u>

8. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

8. **RISK MANAGEMENT - continued**

The City, along with various other local municipal 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. The trust has contracted with the Daniel and Henry Company to handle all administrative matters, including processing of claims filed.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes, and employees blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

9. **PROPERTY TAXES**

Property taxes are levied in October of each year on the assessed value as of the Prior January 1 for all 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.

Real estate taxes are billed and collected by St. Louis County and remitted by the County to the City. 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 and is unavailable on the fund financial statements, and recognized as revenue in the government-wide financial statements.

10. **CONTINGENCIES AND COMMITMENTS**

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

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters should not have a material adverse effect on the financial condition of the City. In addition, the City is subject to potential claims including environmental issues for certain real estate development projects. There are no legal issues pending or known related liabilities regarding these projects.

11. **UNRESTRICTED NET POSITION**

The government-wide statement of net position reflects a negative unrestricted net position of (\$24,866,905). This total is comprised of \$1,553,057 in unrestricted net position for operations and a negative unrestricted net position resulting from the issuance of TIF Revenue Notes in the amount of \$17,055,000 plus \$9,364,962 in accrued interest which is for development not owned by the City.

11. **UNRESTRICTED NET POSITION - continued**

The city's responsibility to repay the TIF notes extends only to the incremental revenues generated by the TIF District. The TIF notes are a special limited obligation of the City and are not used in calculating the City's debt limit.

12. **TAX INCREMENT REVENUES PLEDGED**

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes and capital projects bonds issued by the IDA and the City 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 4 is payable through October 2029.

For the current year, the IDA's principal and interest paid and total incremental tax revenues were \$770,338 and \$7,122,316, respectively. For the current year, the City's tax increment financing interest paid and total incremental tax revenues were \$2,210,500 and \$1,194,507, respectively.

13. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS**

The City provides healthcare benefits to employees defined as City retirees who have attained age 55 plus ten years of service until attainment of Medicare Eligibility Age, as long as the retiree pays the monthly premium. Single, spouse, and dependent medical and prescription drug benefits are available to retirees in the City's fully insured plan. The individual pays the monthly group health insurance premium.

The Plan does not issue a separate stand-alone financial report. The OPEB obligation is generally liquidated by the General Fund.

The City's annual OPEB cost (expense) is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 (GASB 45). The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities.

The calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation, and on the pattern of sharing of costs between the employer and plan member to that point.

13. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS** - continued

The City's annual OPEB cost for the most recent actuarial valuation and the related information are as follows:

Amortization of past service cost	\$	54,539
Normal cost		34,352
Interest to end of fiscal year		<u>3,556</u>
Annual Required Contribution		92,447
Interest on net OPEB obligation		10,880
Adjustment to annual required contribution		<u>(17,901)</u>
Annual OPEB Cost		85,426
Contributions made		<u>(68,955)</u>
Increase In Net OPEB Obligation		16,471
Net OPEB obligation, July 1, 2015		<u>271,990</u>
Net OPEB Obligation, June 30, 2016	\$	<u><u>288,461</u></u>

The Plan, stated in the City's Personnel Policy, 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 City's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB plan, and the net OPEB obligation for the three years ended June 30, 2016 are as follows:

Year Ended June 30	Annual OPEB Cost	Contribution Made	Percentage Contributed	Net OPEB Obligation
2016	\$ 85,426	\$ 68,955	80.7 %	\$ 288,461
2015	84,277	55,574	65.9	271,990
2014	73,650	28,590	38.8	243,287

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation available, the Plan was 0% funded. The actuarial accrued liability for benefits was \$633,636, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$633,636. The covered payroll (annual payroll of active employees covered by the plan) was \$10,242,470 and the ratio of the UAAL to the covered payroll was 6.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as RSI following the notes to the financial statements.

13. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSINS** - continued

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The latest actuarial valuation was for the plan year ended June 30, 2015. Valuation is performed every three years.

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit credit method
Latest valuation date	July 1, 2014
Discount rate	4% per annum
Amortization method	Level dollar, open
Amortization period	20 years for initial UAAL, open
Payroll inflation	4%
Mortality	RP-2000 Combined Healthy Mortality Table
Medical premium rates	9% initial rate, decreasing to 4.5% in 2031

14. **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, 2016</u>
General Fund	Pension Trust Fund	\$ 17,350

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, 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 fiscal year ending June 30, 2017.

15. **INTERFUND TRANSFERS**

Individual interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>June 30, 2016</u>
Capital Projects Fund	General Fund	\$ 618,597

15. **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) use unrestricted revenues collected in the General Fund to finance capital improvement and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

16. **ECONOMIC DEVELOPMENT**

The City collects a special sales tax to promote economic development within the City. The City has entered into various agreements with companies as incentives to move into the City. Certain agreements are setup as forgivable loans, which mean the loans will not have to be repaid if they follow the agreed upon terms. At June 30, 2016, the City had \$898,300 of these loans outstanding. The City also has loans with other companies for \$3,510,650. An offsetting allowance for these amounts has been established.

17. **CONDUIT DEBT**

The City issued Industrial Revenue Bonds during 2015 to provide financial assistance to the private sector entity, Silgan Plastics Corporation Project, for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2015 Series is structured to pay the principal balance at maturity, December 1, 2025. At June 30, 2016, the principal amount payable for Silgan Plastics Corporation Project was \$5,224,005.

In 2015, the City approved to issue Industrial Revenue Bonds to provide financial assistance to the private sector entity, NP Hazelwood 140, LLC Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds will be secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof will be obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. At June 30, 2016, the principal amount payable for NP Hazelwood 140, LLC Project was \$213,918.

18. **RESTRICTED NET POSITION**

The government-wide statement of net position reports \$7,473,420 of restricted net position of which \$6,271,407 is restricted by enabling legislation.

19. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 23, 2016, the date the financial statements were available to be issued.

20. **NEW ACCOUNTING PRONOUNCEMENTS**

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple Employer Defined Benefit Pensions plans and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The City will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes:				
Real estate	\$ 3,006,451	\$ 3,006,451	\$ 2,687,652	\$ (318,799)
Personal property	923,860	923,860	827,856	(96,004)
Property surtax	419,391	419,391	345,377	(74,014)
Total Property Taxes	4,349,702	4,349,702	3,860,885	(488,817)
Sales taxes:				
Hotel/motel tax	285,185	285,185	346,877	61,692
Fire	1,163,000	1,163,000	962,649	(200,351)
Park and stormwater	2,187,407	2,187,407	1,969,657	(217,750)
Sales	4,702,699	4,702,699	4,456,116	(246,583)
Use	1,662,327	1,662,327	1,258,211	(404,116)
Guaranty assessments	-	-	51,479	51,479
Total Sales Taxes	10,000,618	10,000,618	9,044,989	(955,629)
Utility taxes	3,554,576	3,554,576	3,119,432	(435,144)
Other taxes:				
Cigarette	64,114	64,114	76,332	12,218
Gasoline	671,542	671,542	683,093	11,551
Road and bridge	576,091	576,091	502,661	(73,430)
Vehicle fees	112,975	112,975	113,300	325
Total Other Taxes	1,424,722	1,424,722	1,375,386	(49,336)
Permits and Inspections:				
Building permits	360,000	360,000	344,652	(15,348)
Occupancy permits	170,157	170,157	183,328	13,171
Land disturbance fee	-	13,750	14,000	250
Total Permits and Inspections	530,157	543,907	541,980	(1,927)
Licenses:				
Manufacturers	1,230,837	1,230,837	1,162,031	(68,806)
Occupation services	1,689,256	1,689,256	1,380,254	(309,002)
Merchants	574,698	574,698	531,074	(43,624)
Liquor	11,046	11,046	9,423	(1,623)
Coin devices	4,100	4,100	3,922	(178)
Franchises	280,566	280,566	276,105	(4,461)
Total Licenses	3,790,503	3,790,503	3,362,809	(427,694)
Intergovernmental				
Grant income	335,816	335,816	429,361	93,545
Fines and forfeitures:				
Court fines	929,375	929,375	686,427	(242,948)
Police fines	23,221	23,221	16,451	(6,770)
License fines	13,000	13,000	12,516	(484)
Property fines	40,000	40,000	47,198	7,198
Total Fines and Forfeitures	1,005,596	1,005,596	762,592	(243,004)
Investment income	36,815	36,815	77,326	40,511

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CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (Continued)				
Recreation fees:				
Swimming pools	\$ 119,139	\$ 119,139	\$ 174,293	\$ 55,154
Rentals	88,378	88,378	112,273	23,895
Classes	146,200	146,200	130,599	(15,601)
Disc golf	-	-	-	-
Recreation programs and trips	17,450	17,450	19,179	1,729
Concessions	58,147	46,147	55,931	9,784
Resident cards	56,087	56,087	53,340	(2,747)
Sports complex	15,290	27,290	70,586	43,296
Total Recreation Fees	500,691	500,691	616,201	115,510
Miscellaneous:				
Fire protection service	120,000	120,000	120,000	-
Ambulance fees	363,759	363,759	473,099	109,340
Other	307,126	293,376	306,197	12,821
Total Miscellaneous	790,885	777,135	899,296	122,161
Total Revenues	26,320,081	26,320,081	24,090,257	(2,229,824)
EXPENDITURES				
Mayor and council:				
Personnel services	41,990	41,990	32,369	9,621
Contractual services	86,249	86,249	59,112	27,137
Commodities	100	100	139	(39)
Capital outlay	800	800	-	800
Total Mayor And Council	129,139	129,139	91,620	37,519
City manager:				
Personnel services	870,748	736,748	422,436	314,312
Contractual services	63,223	63,223	71,352	(8,129)
Commodities	29,325	29,325	36,774	(7,449)
Contingencies	900	900	2,586	(1,686)
Total City Manager	964,196	830,196	533,148	297,048
Information system:				
Personnel services	171,997	206,997	172,222	34,775
Contractual services	260,923	260,923	277,419	(16,496)
Commodities	22,500	22,500	31,595	(9,095)
Capital outlay	21,421	21,421	23,893	(2,472)
Total Information System	476,841	511,841	505,129	6,712
Finance:				
Personnel Services	308,294	347,294	324,192	23,102
Contractual services	127,649	127,649	144,987	(17,338)
Commodities	1,550	1,550	1,127	423
Capital outlay	1,200	1,200	-	1,200
Total Finance	438,693	477,693	470,306	7,387

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CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Legal				
Personnel services	\$ 174,162	\$ 174,162	\$ 175,656	\$ (1,494)
Contractual services	288,283	288,283	244,499	43,784
Commodities	5,700	5,700	2,702	2,998
Capital outlay	-	-	-	-
Total Legal	<u>468,145</u>	<u>468,145</u>	<u>422,857</u>	<u>45,288</u>
City Clerk				
Personnel services	216,574	216,574	216,142	432
Contractual services	43,349	43,349	30,927	12,422
Commodities	750	750	734	16
Total City Clerk	<u>260,673</u>	<u>260,673</u>	<u>247,803</u>	<u>12,870</u>
Police				
Personnel services	7,427,973	7,427,973	7,189,393	238,580
Contractual services	265,082	265,082	236,888	28,194
Commodities	250,910	250,910	186,398	64,512
Capital outlay	37,871	37,871	35,324	2,547
Contingencies	26,300	26,300	17,429	8,871
Total Police	<u>8,008,136</u>	<u>8,008,136</u>	<u>7,665,432</u>	<u>342,704</u>
Fire				
Personnel services	3,959,307	3,959,307	3,942,195	17,112
Contractual services	5,279,917	5,279,917	5,033,626	246,291
Commodities	57,901	57,901	47,663	10,238
Capital outlay	31,800	31,800	32,495	(695)
Contingencies	3,000	3,000	2,698	302
Total Fire	<u>9,331,925</u>	<u>9,331,925</u>	<u>9,058,677</u>	<u>273,248</u>
Ambulance				
Personnel services	242,907	302,907	292,280	10,627
Contractual services	70,325	70,325	84,866	(14,541)
Commodities	47,946	47,946	36,058	11,888
Capital outlay	1,700	1,700	1,435	265
Contingencies	500	500	180	320
Total Ambulance	<u>363,378</u>	<u>423,378</u>	<u>414,819</u>	<u>8,559</u>
Public Works				
Administration:				
Personnel services	847,937	847,937	830,341	17,596
Contractual services	464,208	464,208	447,190	17,018
Commodities	18,000	18,000	9,586	8,414
Capital outlay	4,500	4,500	4,336	164
Contingencies	-	-	2	(2)
Total Administration	<u>1,334,645</u>	<u>1,334,645</u>	<u>1,291,455</u>	<u>43,190</u>

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public Works (continued)				
General maintenance:				
Personnel services	\$ 756,268	\$ 756,268	\$ 651,839	\$ 104,429
Contractual services	95,777	95,777	114,005	(18,228)
Commodities	218,750	218,750	211,176	7,574
Capital outlay	13,080	13,080	8,831	4,249
Contingencies	500	500	132	368
Total General Maintenance	<u>1,084,375</u>	<u>1,084,375</u>	<u>985,983</u>	<u>98,392</u>
Park maintenance:				
Personnel services	790,517	790,517	764,372	26,145
Contractual services	22,440	22,440	25,589	(3,149)
Commodities	73,900	73,900	67,382	6,518
Capital outlay	21,800	21,800	10,756	11,044
Contingencies	1,000	1,000	509	491
Total Park Maintenance	<u>909,657</u>	<u>909,657</u>	<u>868,608</u>	<u>41,049</u>
Recreation:				
Personnel services	1,264,815	1,264,815	1,250,551	14,264
Contractual services	555,023	555,023	523,466	31,557
Commodities	102,552	102,552	117,300	(14,748)
Capital outlay	11,600	11,600	9,485	2,115
Contingencies	1,500	1,500	125	1,375
Total Recreation	<u>1,935,490</u>	<u>1,935,490</u>	<u>1,900,927</u>	<u>34,563</u>
Total Public Works	<u>5,264,167</u>	<u>5,264,167</u>	<u>5,046,973</u>	<u>217,194</u>
Total Expenditures	<u>25,705,293</u>	<u>25,705,293</u>	<u>24,456,764</u>	<u>1,248,529</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>614,788</u>	<u>614,788</u>	<u>(366,507)</u>	<u>(981,295)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	20	20
Transfers out	<u>(569,669)</u>	<u>(569,669)</u>	<u>(618,597)</u>	<u>(48,928)</u>
Total Other Financing Sources (Uses)	<u>(569,669)</u>	<u>(569,669)</u>	<u>(618,577)</u>	<u>(48,908)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 45,119</u>	<u>\$ 45,119</u>	<u>\$ (985,084)</u>	<u>\$ (1,047,964)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>6,366,444</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,381,360</u>	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 2,133,621	\$ 2,133,621	\$ 1,976,291	\$ (157,330)
Intergovernmental	997,920	997,920	1,135,805	137,885
Investment income	375	375	398	23
Other	110,000	242,400	223,708	(18,692)
Total Revenues	<u>3,241,916</u>	<u>3,374,316</u>	<u>3,336,202</u>	<u>(38,114)</u>
EXPENDITURES				
Current:				
Economic development	2,015,140	1,904,155	534,430	1,369,725
Capital outlay	1,467,981	2,003,805	1,910,592	93,213
Debt service:				
Principal	84,000	84,000	84,000	-
Interest	57,808	57,808	57,808	-
Refunding bond issuance costs	-	35,807	35,807	-
Total Expenditures	<u>3,624,929</u>	<u>4,085,575</u>	<u>2,622,637</u>	<u>1,462,938</u>
REVENUES OVER (UNDER) EXPENDITURES	(383,013)	(711,259)	713,565	(1,501,052)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,363,250	1,363,250
Bond premium	-	-	69,050	69,050
Payment to escrow agent	-	-	(1,396,493)	(1,396,493)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,807</u>	<u>35,807</u>
NET CHANGE IN FUND BALANCE	<u>\$ (383,013)</u>	<u>\$ (711,259)</u>	<u>\$ 749,372</u>	<u>\$ (1,465,245)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>2,723,210</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,472,582</u>	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Budgets and Budgetary Accounting

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 for the General Fund, Capital Projects Fund, Economic Development Fund, Asset Forfeiture, and Sewer Lateral Fund. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearing meetings are held to obtain taxpayer comments.
- c. Prior to July 1 the budget is adopted by the City Council.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- e. A motion for the City Council is required to transfer budgeted amounts between funds, or to transfer substantial budgeted amounts between departments within any fund or for any revisions that would alter the total expenditures of any fund. Management can transfer budgeted amounts within department, without City Council approval. Appropriations lapse at year-end.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS AS OF JUNE 30

Total Pension Liability

	2016	2015
Service cost	\$ 753,943	\$ 720,751
Interest	2,919,359	2,719,167
Changes in benefit terms	-	-
Difference between expected and actual experience	(152,442)	-
Changes in assumptions	1,187,416	-
Benefit payments, including refunds	(1,937,724)	(1,743,486)
Net change in total pension liability	2,770,552	1,696,432
Total pension liability - beginning of year	38,087,221	36,390,789
Total pension liability - end of year	<u>\$ 40,857,773</u>	<u>\$ 38,087,221</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 1,247,549	\$ 1,281,985
Net investment income	(1,112,848)	1,550,604
Benefit payments, including refunds	(1,937,724)	(1,743,486)
Administrative expenses	-	-
Net change in plan fiduciary net position	(1,803,023)	1,089,103
Plan fiduciary net position - beginning of year	35,786,575	34,697,472
Plan fiduciary net position - end of year	<u>\$ 33,983,552</u>	<u>\$ 35,786,575</u>

Net pension liability - end of year	<u>\$ 6,874,221</u>	<u>\$ 2,300,646</u>
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Plan fiduciary net position as a percentage of total pension liability	<u>83.18%</u>	<u>93.96%</u>
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Covered employee payroll	<u>\$ 9,863,406</u>	<u>\$ 10,162,059</u>
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Net pension liability as a percentage of covered payroll	<u>69.69%</u>	<u>22.64%</u>
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Note: The above information is not available for years prior to the implementation of GASB 67.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION
AND SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Employee Payroll	Contributions As A Percentage Of Covered Employee Payroll
2006	\$ 1,006,404	\$ 1,044,593	\$ (38,189)	104 %	\$ 8,411,660	12.42 %
2007	973,769	1,027,006	(53,237)	105	9,123,360	11.26
2008	1,017,336	1,073,125	(55,789)	105	9,445,097	11.36
2009	1,039,281	1,091,569	(52,288)	105	9,885,427	11.04
2010	1,057,468	1,105,631	(48,163)	105	9,827,733	11.25
2011	1,129,979	1,187,655	(57,676)	105	9,980,009	11.90
2012	1,224,684	1,491,935	(267,251)	122	10,242,470	14.57
2013	1,299,535	1,340,227	(40,692)	103	10,091,285	13.28
2014	1,300,321	1,339,373	(39,052)	103	10,080,008	13.29
2015	1,191,999	1,281,985	(89,986)	108	10,162,059	12.62
2016	1,257,421	1,247,549	9,872	99	9,863,406	12.65

SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

The following is the annual dollar-weighted rate of return net of expenses:

Year Ended June 30,	
2006	14.8 %
2007	-2.6
2008	-11.6
2009	13.4
2010	18.5
2011	2.0
2012	13.2
2013	16.9
2014	4.8
2015	4.5
2016	-3.1

Notes to Schedule

Valuation Date: July 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed market
Inflation	3%
Salary increases	4.5%
Investment return	7.5%
Mortality	RP-2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment with projected fully generationally using Scale BB

Other information: There were no benefit changes during the year.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (2)-(1)/5
7/1/2014	\$ -	\$ 770,846	\$ 770,846	0.0 %	\$ 10,162,059	8.0 %
7/1/2011	-	633,636	633,636	0.0	9,980,009	6.3
7/1/2008	-	365,368	365,368	0.0	9,445,097	3.9

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other entities.

SUPPLEMENTAL INFORMATION

CITY OF HAZELWOOD, MISSOURI
COMBINING BALANCE SHEET - NONMAJOR FUNDS
JUNE 30, 2016

	Special Revenue Funds				Total
	Sewer Lateral	Elm Grove Area Tax Incremental Financing District	Robertson Area Tax Increment Financing District	Asset Forfeiture	
ASSETS AND OTHER DEBITS					
Cash and investments	\$ 294,236	\$ 995,929	\$ 510,607	\$ 154,952	\$ 1,955,724
Receivables:					
Sales taxes	-	23,247	-	-	23,247
Other	282	-	76	-	358
Prepaid items	-	-	-	32,590	32,590
TOTAL ASSETS	<u>\$ 294,518</u>	<u>\$ 1,019,176</u>	<u>\$ 510,683</u>	<u>\$ 187,542</u>	<u>\$ 2,011,919</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	-	-	-	32,590	32,590
Restricted for:					
Asset forfeiture	-	-	-	154,952	154,952
Sewer Lateral	294,518	-	-	-	294,518
Economic development	-	1,019,176	510,683	-	1,529,859
TOTAL FUND BALANCES	<u>294,518</u>	<u>1,019,176</u>	<u>510,683</u>	<u>187,542</u>	<u>2,011,919</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 294,518</u>	<u>\$ 1,019,176</u>	<u>\$ 510,683</u>	<u>\$ 187,542</u>	<u>\$ 2,011,919</u>

CITY OF HAZELWOOD, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
		Elm Grove Area Tax Incremental Financing District	Robertson Area Tax Increment Financing District	Asset Forfeiture	Total
	Sewer Lateral				
REVENUES					
Property taxes	\$ -	\$ 483,298	\$ 1,137,530	\$ -	\$ 1,620,828
Sales taxes	-	139,996	502	-	140,498
Intergovernmental	-	-	-	34,647	34,647
Investment income	50	-	77	-	127
Sewer lateral	33,127	-	-	-	33,127
TOTAL REVENUES	33,177	623,294	1,138,109	34,647	1,829,227
EXPENDITURES					
Current:					
Police	-	-	-	124,065	124,065
Sewer lateral	69,192	-	-	-	69,192
Economic development	-	883,622	2,750	-	886,372
Debt service:					
Interest	-	-	2,210,500	-	2,210,500
TOTAL EXPENDITURES	69,192	883,622	2,213,250	124,065	3,290,129
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,015)	(260,328)	(1,075,141)	(89,418)	(1,460,902)
OTHER FINANCING SOURCES:					
Payment to refunded debt escrow agent	-	-	76	-	76
CHANGE IN FUND BALANCE	(36,015)	(260,328)	(1,075,065)	(89,418)	(1,460,826)
FUND BALANCES - BEGINNING OF YEAR	330,533	1,279,504	1,585,748	276,960	3,472,745
FUND BALANCES - END OF YEAR	\$ 294,518	\$ 1,019,176	\$ 510,683	\$ 187,542	\$ 2,011,919

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,739,954	\$ 1,739,954	\$ 1,758,602	\$ 18,648
Intergovernmental	10,080	10,080	16,950	6,870
Investment income	-	-	(1,787)	(1,787)
Other	-	-	13,407	13,407
Total Revenues	<u>1,750,034</u>	<u>1,750,034</u>	<u>1,787,172</u>	<u>37,138</u>
EXPENDITURES				
Current:				
Economic development	550,851	550,851	534,400	16,451
Capital outlay	1,672,455	1,605,956	1,342,781	263,175
Debt service:				
Principal	522,637	522,637	522,637	-
Interest	141,894	141,894	141,894	-
Refunding bond issuance costs	-	66,499	66,498	1
Total Expenditures	<u>2,887,837</u>	<u>2,887,837</u>	<u>2,608,210</u>	<u>279,627</u>
REVENUE UNDER EXPENDITURES	<u>(1,137,803)</u>	<u>(1,137,803)</u>	<u>(821,038)</u>	<u>242,489</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	7,000	7,000	11,290	4,290
Debt proceeds	641,600	641,600	3,180,745	2,539,145
Bond premium	-	-	128,236	128,236
Payment to escrow agent	-	-	(3,024,269)	(3,024,269)
Transfers in	569,669	569,669	618,597	48,928
Total Other Financing Sources (Uses)	<u>1,218,269</u>	<u>1,218,269</u>	<u>914,599</u>	<u>(303,670)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 80,466</u>	<u>\$ 80,466</u>	<u>\$ 93,561</u>	<u>\$ 13,095</u>
FUND BALANCE - BEGINNING OF YEAR			<u>715,595</u>	
FUND BALANCE - END OF YEAR			<u>\$ 809,156</u>	

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ 80	\$ 50	\$ (30)
Sewer lateral	35,630	33,127	(2,503)
Total Revenues	<u>35,710</u>	<u>33,177</u>	<u>(2,533)</u>
EXPENDITURES			
Current:			
Sewer lateral	<u>125,100</u>	<u>69,192</u>	<u>55,908</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (89,390)</u></u>	<u>(36,015)</u>	<u><u>\$ (58,441)</u></u>
FUND BALANCE - BEGINNING OF YEAR		<u>330,533</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 294,518</u></u>	

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ASSET FORFEITURE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 34,647	\$ 34,647
EXPENDITURES			
Current:			
Police	139,000	124,065	14,935
NET CHANGE IN FUND BALANCE	<u>\$ (139,000)</u>	(89,418)	<u>\$ 49,582</u>
FUND BALANCE - BEGINNING OF YEAR		<u>276,960</u>	
FUND BALANCE - END OF YEAR		<u>\$ 187,542</u>	



Section III

Statistical Section

STATISTICAL SECTION

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

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	57-60
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources.	61-65
Debt Capacity	
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.	66-69
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	70-71
Operating Information	
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.	72-74

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

CITY OF HAZELWOOD, MISSOURI
NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
 (Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:										
Net investment										
in capital assets	\$23,356,189	\$21,730,322	\$21,436,564	\$21,501,154	\$21,286,054	\$19,331,051	\$18,810,695	\$17,868,052	\$16,593,187	\$17,810,632
Restricted	\$7,473,420	\$8,183,252	\$6,236,403	5,271,498	\$5,308,743	\$7,042,766	\$5,679,975	\$5,816,170	\$7,064,680	\$798,525
Unrestricted	<u>(24,866,905)</u>	<u>(23,412,671)</u>	<u>(22,856,680)</u>	<u>(19,103,986)</u>	<u>(15,560,705)</u>	<u>(12,626,730)</u>	<u>(12,813,314)</u>	<u>(11,616,911)</u>	<u>(11,126,528)</u>	<u>4,495,726</u>
Total governmental activities net position	<u>\$5,962,704</u>	<u>\$6,500,903</u>	<u>\$ 4,816,287</u>	<u>\$ 7,668,666</u>	<u>\$11,034,092</u>	<u>\$13,747,087</u>	<u>\$11,677,356</u>	<u>\$12,067,311</u>	<u>\$12,531,339</u>	<u>\$23,104,883</u>

Source: Basic financial statements

2012 amount was restated for implementation of GASB 63 and 65.

2013 amount was restated for accounting principle change.

2014 amount was restated for implementation of GASB 68.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Governmental activities:										
General government	\$ 2,851,643	\$ 2,977,964	\$ 2,902,583	\$ 2,666,982	\$ 2,848,593	\$ 2,687,257	\$ 2,825,251	\$ 2,793,428	\$ 2,588,055	\$ 2,511,326
Police	8,392,854	7,917,507	9,316,264	8,266,062	8,095,132	7,507,749	7,720,152	7,589,247	7,261,558	6,936,775
Fire and ambulance	10,030,460	9,379,951	8,271,077	8,818,068	8,427,562	8,684,030	8,436,527	8,218,900	7,667,628	7,181,802
Public works	3,923,809	3,824,403	3,695,178	3,533,085	3,459,191	3,325,951	3,489,426	3,756,069	3,616,598	3,594,390
Parks and recreation	3,153,006	2,760,122	2,915,181	3,047,775	3,056,839	3,030,546	2,902,659	3,137,528	2,902,669	2,797,974
Economic development	7,187,499	7,805,287	7,858,298	8,178,450	12,210,059	8,909,277	8,715,851	11,793,396	23,412,225	7,188,357
Sewer lateral	69,192	97,294	96,021	115,874	105,482	70,560	113,739	60,549	104,127	104,454
Interest on long-term debt	2,719,063	2,670,729	2,869,492	2,794,487	2,641,027	2,503,981	2,424,195	2,191,555	1,291,226	420,838
Special Item	-	-	1,292,129	-	-	-	-	-	-	-
Total governmental activities expenses	38,327,526	37,433,257	39,216,223	37,420,783	40,843,885	36,719,351	36,627,800	39,540,672	48,844,086	30,735,916
PROGRAM REVENUE										
Governmental activities:										
Charges for services										
General government	601,694	487,791	389,332	524,869	417,250	426,826	255,810	368,801	381,132	631,949
Police	702,878	912,185	1,896,389	2,177,394	2,558,444	2,412,430	2,657,616	2,414,229	2,752,449	1,358,339
Fire and ambulance	593,099	558,919	471,578	508,978	417,264	359,209	335,649	453,861	439,731	352,505
Parks and recreation	616,201	537,660	498,353	506,838	562,242	507,906	473,284	560,978	313,148	325,064
Sewer lateral	33,127	35,024	35,482	35,449	35,630	36,123	37,887	72,519	127,995	129,418
Operating grants and contributions	1,773,612	2,276,605	2,932,605	1,902,997	1,977,492	2,193,975	2,056,089	2,100,070	1,940,193	2,096,786
Capital grants and contributions	1,453,505	616,661	846,496	91,836	1,037,655	909,734	292,830	1,138,393	55,581	364,620
Total governmental activities program revenue	5,774,116	5,424,845	7,070,235	5,748,361	7,005,977	6,846,203	6,109,165	7,108,851	6,010,229	5,258,681
NET EXPENSES	<u>(32,553,410)</u>	<u>(32,008,412)</u>	<u>(32,145,988)</u>	<u>(31,672,422)</u>	<u>(33,837,908)</u>	<u>(29,873,148)</u>	<u>(30,518,635)</u>	<u>(32,431,821)</u>	<u>(42,833,857)</u>	<u>(25,477,235)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property	9,165,194	10,911,903	10,850,695	9,571,557	10,732,806	11,358,534	11,044,917	12,542,793	11,640,116	10,033,698
Sales	14,984,160	14,532,163	13,488,140	13,702,676	13,747,457	13,656,531	12,495,802	13,548,928	13,796,329	10,197,675
Utility	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918	2,740,588	3,625,891	2,111,099
Other taxes	76,332	68,383	66,703	70,128	71,043	72,868	76,689	82,848	85,921	89,475
Licenses	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670	2,654,812	2,607,053	2,356,074
Investment income	76,066	72,557	63,076	20,194	21,020	19,826	31,232	105,316	267,842	263,127
Other miscellaneous revenue	1,169,629	975,835	484,752	551,724	734,440	477,741	350,452	292,508	237,161	386,485
Contributed capital	-	-	-	-	-	-	-	-	-	5,000,000
Total governmental activities	32,015,211	33,693,028	31,772,818	30,418,607	31,472,896	31,942,879	30,128,680	31,967,793	32,260,313	30,437,633
CHANGES IN NET POSITION	<u>\$ (538,199)</u>	<u>\$ 1,684,616</u>	<u>\$ (373,170)</u>	<u>\$ (1,253,815)</u>	<u>\$ (2,365,012)</u>	<u>\$ 2,069,731</u>	<u>\$ (389,955)</u>	<u>\$ (464,028)</u>	<u>\$ (10,573,544)</u>	<u>\$ 4,960,398</u>

Source: Basic financial statements.

CITY OF HAZELWOOD, MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007
General Fund:										
Nonspendable	\$ 23,770	\$ 16,440	\$ 38,238	\$ 39,495	\$2,146,071	\$2,334,758	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	57,694	27,781	24,000	-	-	-	-
Assigned	-	-	158,294	692,195	367,913	-	-	-	-	-
Unassigned	5,357,590	6,350,004	5,777,802	5,020,064	5,988,282	6,183,410	-	-	-	-
Reserved	-	-	-	-	-	-	2,296,095	2,492,183	2,188,897	1,757,712
Unreserved	-	-	-	-	-	-	4,863,430	4,205,313	3,842,018	1,763,241
Total General Fund	<u>\$ 5,381,360</u>	<u>\$ 6,366,444</u>	<u>\$ 5,974,334</u>	<u>\$ 5,809,448</u>	<u>\$8,530,047</u>	<u>\$8,542,168</u>	<u>\$7,159,525</u>	<u>\$6,697,496</u>	<u>\$6,030,915</u>	<u>\$3,520,953</u>
All Other Governmental Funds:										
Nonspendable	\$ 50,424	\$ 18,534	\$ 230,791	\$ -	\$ -	\$ 9,659	\$ -	\$ -	\$ -	\$ -
Restricted	7,020,830	7,763,252	11,081,456	10,131,437	10,165,766	6,570,977	-	-	-	-
Unassigned	-	-	-	(310,311)	(213,544)	(11,278)	-	-	-	-
Reserved	-	-	-	-	-	-	1,607,230	1,980,507	1,687,749	2,695,376
Unreserved reported in:										
Capital projects funds	-	-	-	-	-	-	(622,491)	(196,026)	2,010,434	(2,835,211)
Special revenue funds	-	-	-	-	-	-	3,636,934	3,310,179	2,591,497	938,360
Total all other governmental funds	<u>\$ 7,071,254</u>	<u>\$ 7,781,786</u>	<u>\$11,312,247</u>	<u>\$ 9,821,126</u>	<u>\$9,952,222</u>	<u>\$6,569,358</u>	<u>\$4,621,673</u>	<u>\$5,094,660</u>	<u>\$6,289,680</u>	<u>\$ 798,525</u>

Source: Basic financial statements.

GASB 54 was implemented in 2011.

2013 amount was restated for accounting principle change.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Property taxes	\$ 9,461,761	\$ 10,890,745	\$ 10,822,152	\$ 9,590,179	\$ 10,717,261	\$ 11,562,752	\$ 10,900,226	\$ 12,478,667	\$ 11,584,947	\$ 10,007,380
Sales taxes	14,984,160	14,738,292	13,680,453	13,864,157	13,904,278	13,812,528	12,638,582	13,686,724	13,964,723	10,404,567
Utility taxes	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918	2,740,588	3,625,891	2,111,099
Other taxes	1,375,386	1,399,185	1,363,055	1,392,355	1,431,119	1,571,615	1,527,385	1,604,456	1,580,647	1,592,510
Permits and inspections	541,980	471,362	371,908	510,677	396,349	406,077	236,088	340,767	363,908	608,253
Licenses	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670	2,654,812	2,607,053	2,356,074
Intergovernmental	1,616,763	1,441,707	2,186,136	511,125	1,493,672	1,447,687	755,443	600,352	332,654	751,179
Fines and forfeitures	762,592	1,081,830	1,847,704	1,919,022	2,293,669	2,220,257	2,468,649	2,275,932	2,503,292	1,362,835
Investment income	76,066	72,557	63,076	20,194	21,020	19,826	31,232	105,316	267,842	263,127
Recreation fess	616,201	537,660	498,353	506,838	562,242	507,906	473,284	560,978	313,148	325,064
Sewer lateral	33,127	35,024	35,482	35,449	35,630	36,123	37,887	72,519	127,995	129,418
Other revenue	1,216,533	1,522,144	1,032,985	1,088,966	1,239,156	949,245	810,509	728,620	654,629	853,141
Total Revenues	37,228,399	39,322,693	38,720,756	35,941,290	38,260,526	38,891,395	36,008,873	37,849,731	37,926,729	30,764,647
Expenditures										
Current:										
Mayor and council	91,620	125,725	79,378	100,284	81,451	46,334	72,157	80,693	87,212	86,426
City manager	533,148	518,276	522,425	537,533	500,278	514,153	618,390	803,883	937,796	960,133
Information system	481,236	497,195	540,309	470,385	467,413	429,938	456,916	404,377	292,118	326,577
Finance	472,402	422,166	441,459	433,140	448,432	389,657	386,544	378,533	355,565	328,347
Legal	422,857	463,806	495,596	575,724	567,732	538,314	512,820	501,183	405,689	376,802
City clerk	247,803	247,379	247,960	250,123	253,423	227,964	227,854	230,127	215,710	217,936
Police	7,754,173	7,838,366	8,996,016	7,993,848	7,759,249	7,231,554	7,398,812	7,203,854	6,913,346	6,459,800
Fire and ambulance	9,439,566	9,087,169	8,103,252	8,519,532	8,169,334	8,455,698	8,250,191	8,054,242	7,489,821	6,977,273
Public works:										
Administration	1,287,119	1,247,460	1,258,408	1,274,562	1,172,431	1,141,672	1,148,820	1,191,680	1,045,955	1,093,051
General maintenance	977,152	1,057,317	977,058	858,639	1,020,863	922,765	919,287	1,148,052	1,053,512	960,177
Park maintenance	857,852	729,793	784,335	878,348	935,160	920,953	904,521	982,270	841,625	851,366
Recreation	1,891,442	1,678,093	1,727,606	1,745,150	1,742,744	1,742,736	1,661,705	1,781,173	1,592,473	1,520,675
Street	-	-	-	-	-	-	-	93,215	234,016	757,849
Sewer lateral	69,192	97,294	96,021	115,874	105,482	70,560	113,739	60,549	104,127	104,454
Economic development	7,067,603	7,709,311	7,819,131	8,055,648	12,085,939	8,994,671	8,820,801	11,795,074	23,573,741	7,188,357
Capital outlay	3,379,928	3,004,413	1,785,243	2,358,176	3,726,463	3,745,198	2,855,697	3,396,238	10,117,629	9,293,463
Debt service:										
Principal	1,491,637	6,704,264	1,627,087	1,612,502	1,512,630	1,120,632	1,157,837	1,089,413	525,000	335,000
Interest	2,691,852	1,747,766	1,626,798	965,760	1,133,145	866,970	1,950,504	895,889	572,659	401,138
Bond Issuance costs	169,047	-	-	-	103,580	-	-	-	176,138	-
Total Expenditures	39,325,629	43,175,793	37,128,082	36,745,228	41,785,749	37,359,769	37,456,595	40,090,445	56,534,132	38,238,824
Excess of revenues over (under) expenditures	(2,097,230)	(3,853,100)	1,592,674	(803,938)	(3,525,223)	1,531,626	(1,447,722)	(2,240,714)	(18,607,403)	(7,474,177)
Other Financing Sources (Uses)										
Sale of assets	11,310	-	-	-	-	-	-	-	-	-
Issuance of debt	8,488,995	714,749	63,333	-	6,639,047	1,798,702	1,436,764	1,712,275	26,664,461	-
Premium/discount on debt issuance	542,727	-	-	-	256,919	-	-	-	(55,941)	-
Payment to escrow agent	(8,641,494)	-	-	-	-	-	-	-	-	-
Payment to trustee	76	-	-	-	-	-	-	-	-	-
Transfers in	618,597	722,525	421,991	631,352	507,745	430,498	396,069	362,259	309,458	145,928
Transfers out	(618,597)	(722,525)	(421,991)	(631,352)	(507,745)	(430,498)	(396,069)	(362,259)	(309,458)	(145,928)
Total Other Financing Sources (Uses)	401,614	714,749	63,333	-	6,895,966	1,798,702	1,436,764	1,712,275	26,608,520	-
Net change in fund balances	\$ (1,695,616)	\$ (3,138,351)	\$ 1,656,007	\$ (803,938)	\$ 3,370,743	\$ 3,330,328	\$ (10,958)	\$ (528,439)	\$ 8,001,117	\$ (7,474,177)
Debt service as a percentage of noncapital expenditures	11.6%	20.8%	9.1%	7.4%	6.9%	5.9%	8.9%	5.3%	2.3%	2.5%

Source: Basic financial statements

CITY OF HAZELWOOD, MISSOURI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Calendar Year	Real Property				Personal Property	Total Assessed Value	Total Direct Tax	Estimated Actual Value	Assessed Value As A Percentage of Actual Value
		Residential Property	Commercial Property	Agricultural Property	Total Real Property					
2016	2015	\$ 162,160,520	\$ 224,810,450	\$ 289,650	\$ 387,260,620	\$ 129,113,667	\$ 516,374,287	0.767	\$ 1,945,763,828	26.5%
2015	2014	169,592,870	243,322,239	169,600	413,084,709	127,633,119	540,717,828	0.767	2,037,288,740	26.5%
2014	2013	169,255,140	246,874,725	169,600	416,299,465	105,861,890	522,161,355	0.767	2,057,371,686	25.4%
2013	2012	188,504,600	248,865,162	182,170	437,551,932	108,612,044	546,163,976	0.767	1,982,598,371	27.5%
2012	2011	189,018,800	248,071,371	364,850	437,455,021	106,693,195	544,148,216	0.767	2,104,505,986	25.9%
2011	2010	206,383,410	265,491,942	366,180	472,241,532	118,834,404	591,075,936	0.767	2,091,519,419	28.3%
2010	2009	206,458,070	264,306,865	367,970	471,132,905	118,789,087	589,921,992	0.767	2,286,799,740	25.8%
2009	2008	233,810,400	288,743,021	211,630	522,765,051	127,932,168	650,697,219	0.621	2,274,668,449	28.6%
2008	2007	233,047,050	276,613,697	213,930	509,874,677	120,700,999	630,575,676	0.755	2,496,216,169	25.3%
2007	2006	183,360,930	249,515,091	214,630	433,090,651	118,023,245	551,113,896	0.755	2,100,650,504	26.2%

Source: St. Louis County Assessor, Assessment Roll Dec 31

*Commencing in 2003, Missouri State Law required the City to calculate a separate tax rate for residential real estate, agricultural real estate, commercial real estate, and personal property. The tax rate stated above for each year represents a re-blended rate for the various types of taxable property.

CITY OF HAZELWOOD, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
FOR THE LAST TEN CALENDAR YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
City of Hazelwood*	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.767</u>	<u>\$ 0.621</u>	<u>\$ 0.755</u>	<u>\$ 0.755</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	0.200	0.200	0.200	0.200	0.190	0.190	0.190	0.190	0.190
County Park Maintenance	0.049	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.035
County Bond Retire	0.019	0.028	0.028	0.028	0.028	0.028	0.028	0.063	0.063	0.063
Road and Bridges	0.103	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
County Hospital/Health	0.138	0.140	0.140	0.140	0.140	0.150	0.150	0.150	0.150	0.165
Metropolitan Zoo	0.278	0.280	0.280	0.268	0.267	0.255	0.249	0.234	0.233	0.261
Sheltered Workshops	0.088	0.090	0.089	0.084	0.084	0.079	0.074	0.069	0.070	0.082
County Library	0.246	0.250	0.250	0.173	0.163	0.157	0.140	0.140	0.140	0.150
Special School District	1.235	1.261	1.240	1.012	1.013	0.995	0.938	0.918	0.908	0.824
St. Louis Community College	0.218	0.220	0.220	0.220	0.220	0.218	0.214	0.201	0.200	0.223
Hazelwood School District	6.220	6.220	6.220	6.220	6.220	6.220	6.039	5.370	5.124	5.463
Metro Sewer District	0.088	0.088	0.087	0.064	0.082	0.079	-	-	0.067	0.069
Coldwater Creek Sewer District	0.100	0.100	0.100	0.100	0.100	0.097	-	-	0.070	0.070
Total Overlapping Governments	<u>9.017</u>	<u>9.062</u>	<u>9.039</u>	<u>8.694</u>	<u>8.702</u>	<u>8.653</u>	<u>8.207</u>	<u>7.520</u>	<u>7.400</u>	<u>7.730</u>
Total City And Overlapping Governments	<u>\$ 9.784</u>	<u>\$ 9.829</u>	<u>\$ 9.806</u>	<u>\$ 9.461</u>	<u>\$ 9.469</u>	<u>\$ 9.420</u>	<u>\$ 8.974</u>	<u>\$ 8.141</u>	<u>\$ 8.155</u>	<u>\$ 8.485</u>

Source - St. Louis County Assessor (rates stated per \$100 assessed valuation)

*Rate for residential property

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL PROPERTY TAX PAYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO

Property Taxpayer	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessment Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
The Boeing Company	\$ 34,475,660	1	6.68 %	\$ 27,601,960	2	4.38 %
IBM Corporation	24,476,960	2	4.74	13,660,320	5	2.17
Ryan Tax Compliance Services LLC	17,433,410	3	3.38	-		-
Mallinckrodt Pharmaceuticals	15,290,580	4	2.96	13,658,370	6	2.17
Colony Realty Partners	14,578,530	5	2.82	-		-
MSCI 2007-IQ 13 Retail 5555 LLC	12,800,130	6	2.48	-		-
Westcore Delta LLC	10,037,340	7	1.94	-		-
bioMerieux, Inc.	9,339,740	8	1.81	-		-
AmerenUE	6,101,721	9	1.18	-		-
AT&T	4,396,645	10	0.85	-		-
Ford Motor Company	-		-	17,830,590	3	2.83
St. Louis Mills Limited Partnership	-		-	41,587,520	1	6.60
DP Properties LP	-		-	15,601,120	4	2.48
Welsh Lambert Pointe Development	-		-	9,312,310	7	1.48
JB Management LP	-		-	7,893,530	8	1.25
AT&T	-		-	6,902,493	9	1.10
CRP Holding BLP	-		-	6,620,330	10	1.05
Totals	<u>\$148,930,716</u>		<u>28.84 %</u>	<u>\$160,668,543</u>		<u>25.51 %</u>

Source: St. Louis County Assessor

CITY OF HAZELWOOD, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Levy Year</u>	<u>Net Tax Levy (2)</u>	<u>Current Tax Collections</u>	<u>Percent Collected As Current</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Levy</u>
2016	2015	\$ 4,595,233	\$ 3,400,325	74.0 %	751,237	\$ 4,151,562	90.3 %	\$ 1,418,037	30.9 %
2015	2014	4,806,775	3,839,448	79.9	949,738	4,789,186	99.6	1,201,310	25.0
2014	2013	4,610,158	3,568,026	77.4	796,952	4,364,978	94.7	1,255,997	27.2
2013	2012	4,831,599	3,940,910	81.6	1,000,832	4,941,742	102.3	1,096,107	22.7
2012	2011	4,784,782	3,824,120	79.9	986,785	4,810,905	100.5	1,226,476	25.6
2011	2010	5,204,983	4,280,714	82.2	789,152	5,069,866	97.4	1,252,553	24.1
2010	2009	5,166,580	4,268,454	82.6	1,211,668	5,480,122	106.1	1,203,700	23.3
2009	2008	5,691,770	4,412,559	77.5	1,081,533	5,494,092	96.5	1,468,061	25.8
2008	2007	5,076,029	4,021,114	79.2	303,426	4,324,540	85.2	1,251,612	24.7
2007	2006	4,439,956	4,003,857	90.2	804,546	4,808,403	108.3	569,950	12.8

(1) Source: St. Louis County Collector's Office

(2) Originally adjusted for strike offs and additions by St. Louis Board of Equalization after 1978.

(3) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year. St. Louis County will need more time to make system updates to track this information.

CITY OF HAZELWOOD, MISSOURI
SALES TAX RATES AND TAXABLE SALES
FOR THE LAST TEN FISCAL YEARS

For the Years Ended June 30	City Direct Rate	St. Louis County	State of Missouri	Direct and Overlapping	Sales Tax Revenues	Taxable Sales (1)
2016	2.00 %	2.888 %	4.225 %	9.113 %	\$ 14,984,160	\$ 464,489,977
2015	1.75	2.888	4.225	8.863	14,738,292	505,385,586
2014	1.50	2.888	4.225	8.613	13,680,453	527,893,274
2013	1.50	2.888	4.225	8.613	13,854,157	542,931,031
2012	1.50	2.700	4.225	8.425	13,904,278	538,076,663
2011	1.50	2.700	4.225	8.425	13,812,528	557,048,412
2010	1.50	2.200	4.225	7.925	12,638,582	502,241,682
2009	1.50	2.100	4.225	7.825	13,686,724	549,158,541
2008	1.50	1.850	4.225	7.575	13,964,723	573,794,621
2007	1.00	1.850	4.225	7.075	10,404,567	569,229,016

(1) Taxable sales reported by the Missouri Department of Revenue. State Law prohibits the disclosure of specific taxpayer information.

Note: The City participates in the county-wide sales tax sharing pool, which is generally distributed based on population.

Note: The City's direct rate is made up of the following:

0.500% Capital improvements sales tax effective October 1996
0.500% Parks and stormwater sales tax effective April 2002
0.500% Economic development sales tax effective July 2007
0.250% Fire sales tax effective January 2015

CITY OF HAZELWOOD, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities							Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Tax Increment Financing Notes	Certificates of Participation	Notes Payable	Special Assessment GO Bonds	Capital Lease Obligations			
2016	\$9,583,766	\$ -	\$ 17,055,000	\$ 3,806,030	\$ 5,674	\$ 360,000	\$ 1,766,308	\$ 32,576,778	N/A	1,267
2015	10,170,847	-	17,055,000	4,009,412	9,027	420,000	1,480,598	33,144,884	N/A	1,290
2014	16,152,324	117,541	17,055,000	4,236,615	12,380	480,000	1,104,219	39,158,079	N/A	1,523
2013	16,848,801	577,313	17,055,000	4,453,818	15,733	535,000	1,259,848	40,745,513	N/A	1,585
2012	17,520,277	1,020,899	17,055,000	4,661,021	19,086	585,000	1,520,411	42,381,694	N/A	1,649
2011	12,603,214	-	17,055,000	4,863,224	22,439	635,000	1,825,587	37,004,464	N/A	1,440
2010	13,204,606	-	17,055,000	5,060,428	-	685,000	324,956	36,329,990	6.21 %	1,386
2009	13,785,998	-	15,924,236	5,252,630	-	730,000	361,793	36,054,657	6.10	1,376
2008	14,342,390	-	14,200,961	5,429,832	-	775,000	676,206	35,424,389	6.06	1,352
2007	8,203,782	-	-	-	-	815,000	589,050	9,607,832	1.64	367

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Demographics and Economic Statistics Table.

CITY OF HAZELWOOD, MISSOURI
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Actual Taxable Avalue of Property (2)</u>	<u>General Obligation Debt (3)</u>	<u>Amount Available In Debt Service Fund (4)</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Net General Bonded Debt Per Capita</u>
2016	25,703	\$ 1,945,763,828	\$ 9,583,766	\$ 777,597	\$ 8,806,169	0.45 %	\$ 343
2015	25,703	2,037,288,740	10,170,847	870,237	9,300,610	0.46	362
2014	25,703	2,057,371,686	16,152,324	6,177,574	9,974,750	0.48	388
2013	25,703	1,982,598,371	16,848,801	6,320,034	10,528,767	0.53	410
2012	25,703	2,104,505,986	17,520,277	6,384,431	11,135,846	0.53	433
2011	25,703	2,091,519,419	12,603,214	944,935	11,658,279	0.56	454
2010	25,703	2,286,799,740	13,204,606	842,984	12,361,622	0.54	481
2009	26,206	2,274,668,449	13,785,998	859,330	12,926,668	0.57	493
2008	26,206	2,496,216,169	14,342,390	511,956	13,830,434	0.55	528
2007	26,206	2,451,690,072	8,203,782	326,558	7,877,224	0.32	301

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements

(1) Source: U.S. Census Bureau

(2) Source: St. Louis County Assessor

(3) Special assessment general obligation bonds are not included because they are not repaid with property taxes.

(4) The amount available in Debt Service Fund includes amounts restricted for payment of certain cross-over debt from 2012 to 2014.

CITY OF HAZELWOOD, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

<u>Name of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
St. Louis County	\$ 101,310,000	2.5 %	\$ 2,532,750
Hazelwood School District	238,249,121	26.9	64,089,014
Ferguson-Florissant School District	24,290,000	8.7	2,113,230
Pattonville School District	<u>75,857,139</u>	0.4	<u>303,429</u>
Total Overlapping Debt	439,706,260		69,038,422
City direct debt	<u>32,576,778</u>	100	<u>32,576,778</u>
Total Direct And Overlapping Debt	<u><u>\$ 472,283,038</u></u>		<u><u>\$ 101,615,200</u></u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the St. Louis County Collector's office.
The percentage applicable to the City is based on the jurisdiction's assessed value within the boundries of the City.

CITY OF HAZELWOOD, MISSOURI
LEGAL DEBT MARGIN INFORMATION
FOR THE LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt Limit	<u>\$ 51,637,429</u>	<u>\$ 54,071,783</u>	<u>\$ 52,216,136</u>	<u>\$ 54,616,398</u>	<u>\$ 54,414,822</u>	<u>\$ 59,107,594</u>	<u>\$ 58,992,199</u>	<u>\$ 65,069,722</u>	<u>\$ 63,057,568</u>	<u>\$ 55,111,390</u>
Amount of Debt Subject to Limit										
Total Bonded Debt	9,583,766	10,170,847	16,152,324	16,848,801	17,520,277	12,603,214	13,204,606	13,785,998	14,342,390	8,203,782
Less- Amounts Available in Debt Service Fund	<u>777,597</u>	<u>870,237</u>	<u>6,177,274</u>	<u>6,320,034</u>	<u>6,384,431</u>	<u>944,935</u>	<u>842,984</u>	<u>859,330</u>	<u>511,956</u>	<u>326,558</u>
Total Amount of Debt Applicable to Debt Limit	<u>8,806,169</u>	<u>9,300,610</u>	<u>9,975,050</u>	<u>10,528,767</u>	<u>11,135,846</u>	<u>11,658,279</u>	<u>12,361,622</u>	<u>12,926,668</u>	<u>13,830,434</u>	<u>7,877,224</u>
Legal Debt Margin	<u><u>\$ 42,831,260</u></u>	<u><u>\$ 44,771,173</u></u>	<u><u>\$ 42,241,086</u></u>	<u><u>\$ 44,087,631</u></u>	<u><u>\$ 43,278,976</u></u>	<u><u>\$ 47,449,315</u></u>	<u><u>\$ 46,630,577</u></u>	<u><u>\$ 52,143,054</u></u>	<u><u>\$ 49,227,134</u></u>	<u><u>\$ 47,234,166</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.05%	17.20%	19.10%	19.28%	20.46%	19.72%	20.95%	19.87%	21.93%	14.29%

Note: bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF HAZELWOOD, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN CALENDAR YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2016	25,703	N/A	N/A	36	N/A	N/A	5.1 %
2015	25,703	N/A	N/A	37	N/A	N/A	6.2
2014	25,703	N/A	N/A	37	N/A	N/A	6.6
2013	25,703	N/A	N/A	37	N/A	N/A	7.5
2012	25,703	N/A	N/A	37	N/A	N/A	7.1
2011	25,703	N/A	N/A	37	N/A	N/A	9.4
2010	26,206	\$ 584,682	\$ 22,311	36	13	4,655	10.0
2009	26,206	584,682	22,311	36	13	4,655	9.7
2008	26,206	584,682	22,311	36	13	4,655	5.9
2007	26,206	584,682	22,311	36	13	4,655	5.2

(1) Source: 2000 and 2010 U.S. Bureau of Census

(2) The City's Community Profile

(3) Source: Missouri Department of Economic Development

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL EMPLOYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO

Employer	2016				2007		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
The Boeing Company	5,610	1	26.28%	McDonnell Douglas Corporation	5,610	1	37.42%
Mallinckrodt, LLC	1,346	2	6.30%	IBM Corporation	1,250	2	8.34%
Convergys Corp.	1,018	3	4.77%	bioMerieux, Inc.	609	3	4.06%
bioMerieux, Inc.	609	4	2.85%	GKN Aerospace North America, Inc.	600	4	4.00%
IBM Corporation	599	5	2.81%	Mallinckrodt, Inc.	574	5	3.83%
GKN Aerospace North America, Inc.	464	6	2.17%	First Bank	474	6	3.16%
Hazelwood Distribution Company	355	7	1.66%	Supervalu St. Louis Division	355	7	2.37%
First Bank	344	8	1.61%	General Motors Svc. Pts.	354	8	2.36%
SAK Construction	318	9	1.49%	Distribution Control Systems	291	9	1.94%
Fiserv Solutions, Inc.	283	10	1.33%	Printpack, Inc.	290	10	1.93%
Total	<u>10,946</u>		<u>51.27%</u>		<u>10,407</u>		<u>69.41%</u>

Source: The City's Planning Department

CITY OF HAZELWOOD, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
City Manager	5	5	5	5	5	5	7	7	7	7
Information Technology	2	2	-	-	-	-	-	-	-	-
Economic Development	3	3	3	3	3	3	2	2	-	-
Finance	4	4	4	4	4	4	4	4	4	4
Legal/municipal court	3	4	4	4	4	4	4	4	3	3
City clerk	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Police	83	84	84	85	85	85	89	85	83	81
Fire	34	34	34	34	34	34	34	34	34	34
Ambulance	3	3	3	3	3	3	3	3	3	3
Public Works:										
Administration	11	11	11	11	11	11	12	11	11	11
General/street maintenance	10	10	10	10	9	9	11	11	13	13
Parks maintenance	11	11	10	11	12	12	13	13	11	11
Recreation	42	36	42	42	41	42	43	35	29	30
Total	<u>215</u>	<u>210</u>	<u>213</u>	<u>215</u>	<u>214</u>	<u>215</u>	<u>225</u>	<u>212</u>	<u>201</u>	<u>200</u>

(1) Source: Annual Budget Document

Mayor and Council excluded (elected officials, not employees).

CITY OF HAZELWOOD, MISSOURI
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police:										
Arrests	1,343	2,117	3,318	3,394	3,307	2,964	2,984	3,090	3,002	3,054
Traffic citations	5,286	6,645	11,838	12,044	14,087	12,484	10,366	12,939	13,584	17,613
Fire:										
Fire calls	897	601	804	766	765	826	843	556	604	997
Ambulance calls	2,274	2,224	2,006	1,840	1,665	1,595	1,553	1,611	1,593	1,568
Inspections	1,068	1,132	1,013	710	984	998	1,168	1,155	1,151	1,124
Public works:										
Streets:										
Streets resurfacing (miles)	-	3	2	2	-	-	2	2	4	11
Sidewalk repairs (lineal ft.)	160	60	100	865	85	40	231	271	145	12,665
Potholes repaired (tons of material)	80	80	80	30	80	160	289	141	125	84
Administration:										
Building permits issued	933	883	989	913	751	732	646	629	714	883
Residential occupancy permits issued	1,542	1,400	1,961	2,066	1,988	2,071	2,000	1,564	1,728	2,068
Recreation:										
Community center admissions	92,751	93,464	106,598	112,231	103,620	104,068	10,528	103,868	99,486	101,440
Finance:										
Business licenses issued	873	901	952	1,008	1,031	1,029	1,072	985	969	1,101
Payroll transactions	7,184	7,343	7,415	7,380	7,260	7,365	7,310	7,545	7,119	7,221
Accounting funds	16	16	16	15	15	15	15	15	15	13
Payable checks issued	4,285	4,349	4,824	4,930	5,043	4,940	5,339	5,882	5,602	5,577
Payable EFT's issued	1,048	459	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: City records- various departments listed.

CITY OF HAZELWOOD, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Public safety/police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	31	31	31	31	31	31	31	32	25
Sectors	6	6	6	6	6	6	6	6	6	6
<u>Public safety/fire:</u>										
Stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	586	586	586	586	586	583	580	580	580	573
Vehicles	10	10	10	10	10	10	11	10	10	7
<u>Public works:</u>										
Miles of streets	168	168	168	168	168	168	168	168	168	158
Street lights and signals	111	111	111	111	111	111	111	111	111	108
<u>Parks and recreation:</u>										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks	16	16	16	16	16	16	16	16	16	16
Park acreage	179	179	179	179	179	179	179	176	179	179
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	13	13	13	13	13	13	13	13	13	13
Athletic complex	1	1	1	1	1	1	1	1	1	1

Source: City Finance Department records