



City of Hazelwood, Missouri
Comprehensive Annual Financial Report
For The Year Ended
June 30, 2018

*much more
than you imagine*





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Prepared by the Finance Department
David L. Tuberty, Finance Director

CITY OF HAZELWOOD, MISSOURI

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CITY OF HAZELWOOD, MISSOURI

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Section I

Introductory Section

CITY OF HAZELWOOD, MISSOURI

Principal City Officials at June 30, 2018

Position	Name	Election/Hire Date	Term Dates
MAYOR	Matthew Robinson	4/2009	4/2018-4/2021
COUNCIL-WARD 1	Carol Stroker	4/2010	4/2016-4/2019
COUNCIL-WARD 2	Robert Aubuchon	4/1997	4/2017-4/2020
COUNCIL-WARD 3	Donald Ryan	4/2010	4/2016-4/2019
COUNCIL-WARD 4	Robert Parkin, II	10/2015	4/2017-4/2020
COUNCIL-WARD 5	Russell Todd	8/2008	4/2016-4/2019
COUNCIL-WARD 6	Warren Taylor	4/2008	4/2017-4/2020
COUNCIL-WARD 7	Rosalie Hendon	4/2007	4/2016-4/2019
COUNCIL-WARD 8	Mary Singleton	4/2008	4/2017-4/2020
CITY MANAGER	Matt Zimmerman	10/30/13	
ASST. CITY MANAGER	Lisa Powers	01/15/18	
FINANCE DIRECTOR	David Tuberty	09/11/17	
CITY CLERK	Christine Thomas	10/25/16	
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 Herman	01/16/17	
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
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in Financial
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**City of Hazelwood
Missouri**

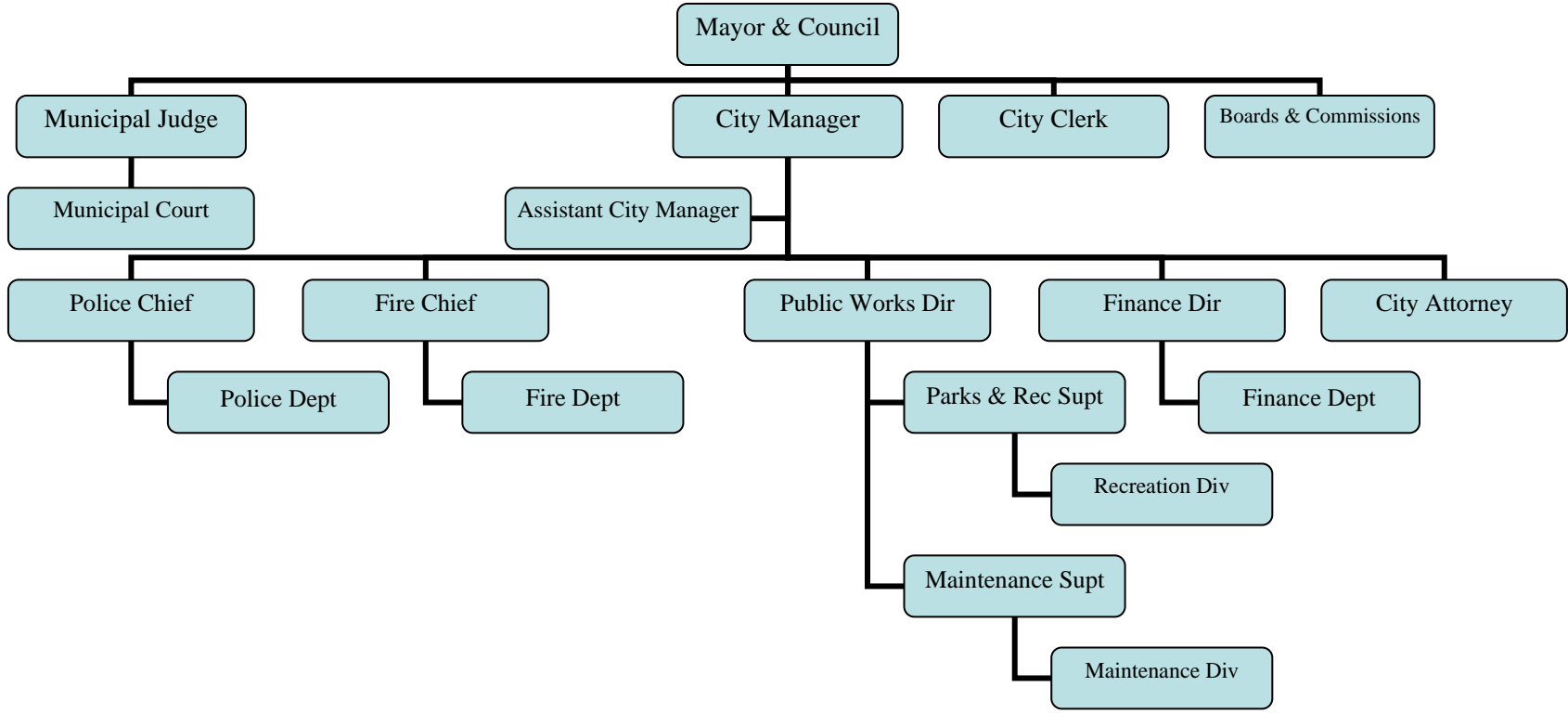
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

City of Hazelwood Organizational Chart





The City of Hazelwood

much more
than you imagine



January 10, 2019

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, 2018. 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

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

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

Cabela's, to St. Charles County. Hazelwood is a transportation crossroads, with 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.

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 4 large industrial buildings, with three smaller buildings planned for calendar 2019, and one commercial center. Hazelwood Logistics Center contains 8 large industrial buildings, with the Park now completely built out in 3.5 years. It was estimated that the build out would occur in 8 years.

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.

The unemployment rate, according to the Missouri Economic Research and Information Center, has been going down all year long for the U.S. and the unemployment rate for the City of Hazelwood is 0.5% lower than the average rate of the rest of the U.S. 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. Sales taxes in total exceeded the previous fiscal years collections, primarily due to the implementation of the one-half cent Public Safety sales tax. 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 budget reports are utilized.

During FY2018 the Hazelwood City Council voted to terminate the fire protection services contract with the Robertson Fire Protection District. In making this move, the City saved approximately \$3.2 million from budgeted expenditures for FY2018. The plan was for the City of Hazelwood to provide fire protection to the area which would have cost an additional \$1.8 million to implement in FY2019. The District sued the City and currently all plans are suspended. The City will pay the District just over \$2.0 million for FY2019 while working toward settlement.

In FY2015, the City formed a pay plan committee, which was approved and implemented by the City Council in FY2016. For FY2018, the City issued a step increase but no COLA adjustment. However, due to the revenues continuously decreasing, and the uncertainty of future public safety expenditure, the City was not able to implement a step increase in FY2019 but gave a 3.5% COLA adjustment to all public safety personnel and a 1.75% COLA adjustment to all other personnel. Management is consistently looking for more efficient ways of operating and is 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. 17 loans have been made from the fund to date, totaling almost \$12 million. These loans have been used to retain or attract approximately 1,800 jobs.

The City issued four loans in FY2018. The first was for Silgan Plastics. This is a company that manufactures plastic moldings and containers. The \$500,000 loan was the second in a possible series of loans to assist in financing the addition of new employees. Currently, Silgan's local workforce is at around 120 employees. The second loan was to Bunzl Corporation. This is a distributor of packaging products with 73 new employees. The purpose of the \$750,000 loan is to help finance the relocation of the plant to Hazelwood. The third was a \$450,000 loan to Quiet Logistics, a third party distribution services provider. The loan will assist in establishing a distribution center in Hazelwood. The fourth was to Bommarito, a large regional auto dealership. The \$250,000 loan was the second of three annual installments totaling \$750,000, which will allow them to purchase an additional 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 FY2017, Hazelwood received a grant to promote our annual Recycle Day (collection of electronics, appliances, usable household items, cardboard and single stream recyclables). Hazelwood has successfully continued this program through FY 2018 and expects to continue this program into FY 2019. 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 FY2018: 1 vehicle for the Fire Chief, 1 maintenance vehicle for the Public Works Department, and 5 vehicles for the Police Department. Window replacement for City Hall was completed. A building for future use was purchased. The City Park Department completed the installation of a Ninja Warrior exercise course. 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 FY2018. However, the amount, which after receiving the actuarial report was about 96% of the annual required contribution. According to the most recent actuarial valuation for the FY ending June 30, 2019, the plan fiduciary net position as a percentage of total pension liability is 91.8%, compared to 89.3% in 2017 and 83.2% in 2016.

Long-term Debt

At June 30, 2018 the City had long-term debt in the amount of \$31,066,188 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 \$51.2 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 2018 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, 2017. This was the twentieth 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.

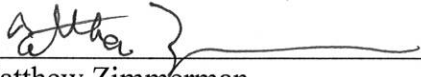
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

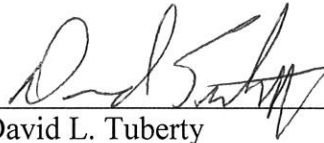
The preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. The finance staff especially contributed a great deal of time and diligence.

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,

A handwritten signature in cursive script, appearing to read 'M. Zimmerman', followed by a horizontal line.

Matthew Zimmerman
City Manager

A handwritten signature in cursive script, appearing to read 'D. Tuberty', followed by a horizontal line.

David L. Tuberty
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, 2018, 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. 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 actuarially determined contributions, schedule of changes in net other post-employment benefit liability and budgetary comparison information on pages 4 through 10 and 45 through 53 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 introductory section, combining nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements and budgetary comparison schedules 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.

Botz Seal & Company

St. Charles, Missouri

January 10, 2019

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of the City of Hazelwood, Missouri (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$328,421 (net position).
- The City had negative unrestricted net position totaling (\$26,713,864). This deficit is mainly due to \$17,055,000 of tax increment financing (TIF) revenue notes plus \$12,245,315 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 \$11,638,503, an increase of \$426,564 in comparison with the prior year fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,072,300 or 37% of total General Fund expenditures.
- The City's long-term liabilities decreased by a net \$1,412,611 during the most recent fiscal year mainly due to the reduction of balances in long-term debt and 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. This report also contains other supplementary information in addition to the basic 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 the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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. 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 fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, 370/MO Bottom Road Tax Increment Financing District Fund, and Economic Development Fund, 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

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$328,421 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		Change	
	2018	2017	Amount	Percent
ASSETS				
Current and other assets	\$ 15,207,899	\$ 14,273,610	\$ 934,289	6.5 %
Capital assets	34,971,037	35,839,461	(868,424)	(2.4)
Total assets	50,178,936	50,113,071	65,865	0.1
DEFERRED OUTFLOWS	1,723,866	2,182,796	(458,930)	(21.0)
LIABILITIES				
Current and other liabilities	14,973,673	12,630,517	2,343,156	18.6
Long-term liabilities	35,729,766	37,142,377	(1,412,611)	(3.8)
Total liabilities	50,703,439	49,772,894	930,545	1.9
DEFERRED INFLOWS	870,942	109,568	761,374	694.9
NET POSITION				
Net investment in capital assets	23,123,390	22,840,739	282,651	1.2
Restricted	3,918,895	6,977,551	(3,058,656)	(43.8)
Unrestricted	(26,713,864)	(27,404,885)	691,021	(2.5)
Total net position	\$ 328,421	\$ 2,413,405	\$ (2,084,984)	(86.4)

Governmental activities decreased the City's net position by \$2,084,984.

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

	June 30		Change	
	2018	2017	Amount	Percent
REVENUES				
Program revenues:				
Charges for service	\$ 6,125,905	\$ 2,727,423	\$ 3,398,482	124.6%
Operating grants and contributions	1,837,569	1,780,410	57,159	3.2
Capital grants and contributions	493,257	122,727	370,530	301.9
General revenues:				
Taxes	26,352,185	25,558,251	793,934	3.1
Licenses and other	1,135,571	3,704,268	(2,568,697)	(69.3)
Total Revenues	<u>35,944,487</u>	<u>33,893,079</u>	<u>2,051,408</u>	6.1
EXPENSES				
General government	3,113,107	2,975,296	137,811	4.6
Police	8,373,271	8,261,790	111,481	1.3
Fire and ambulance	7,257,367	9,887,304	(2,629,937)	(26.6)
Public works	3,955,153	3,911,282	43,871	1.1
Parks and recreation	3,280,869	3,128,595	152,274	4.9
Economic development	8,635,217	6,543,725	2,091,492	32.0
Sewer lateral	120,156	133,673	(13,517)	(10.1)
Interest on long-term debt	2,695,512	2,600,713	94,799	3.6
Total Expenses	<u>37,430,652</u>	<u>37,442,378</u>	<u>(11,726)</u>	0.0
CHANGE IN NET POSITION	<u>(1,486,165)</u>	<u>(3,549,299)</u>	<u>2,063,134</u>	58.1
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED	2,413,405	5,962,704	(3,549,299)	(59.5)
PRIOR PERIOD ADJUSTMENT – GASB75	<u>(598,819)</u>	<u>-</u>	<u>(598,819)</u>	100.0
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>1,814,586</u>	<u>5,962,704</u>	<u>(4,148,118)</u>	(69.6)
NET POSITION - END OF YEAR	<u>\$ 328,421</u>	<u>\$ 2,413,405</u>	<u>\$ (2,084,984)</u>	(86.4)

Revenues increased mainly due to an increase in sales taxes from the addition of a one-half cent Public Safety sales tax and the refund of surplus TIF taxes with the closing of the Elm Grove TIF district. Fire and Ambulance expenses decreased in FY 2018 due to the termination of the Fire Service contract with the Robertson Fire Protection District. New development in the City resulted in an increase in Economic Development project expenses. Net expenses of the City were slightly lower than in FY 2017.

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 \$11,638,503, an increase of \$426,564, in comparison with the prior year. The City currently has an unassigned fund balance of \$8,072,300. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for general 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 \$8,072,300, while total fund balance reached \$8,139,608. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to both total fund expenditures and unassigned fund balance. The General Fund's fund balance represents 37% of total General Fund expenditures and 99% of the balance is unassigned. The fund balance of the General Fund increased by \$3,485,305 during the fiscal year. This increase is primarily the result of the termination of the fire protection services contract with the Robertson Fire Protection District. In addition, staff managed to keep expenditures under budget.

The Capital Projects Fund balance decreased \$311,310 during the fiscal year to \$611,195. The main reason for the decrease was due to the delay of prior year project to the current year.

The Debt Service Fund decreased its fund balance \$34,581 during the fiscal year to \$696,569. The result reflects the expected debt service activity for the year. The entire fund balance is restricted for payment of the general obligations bonds.

The Economic Development Fund decreased its fund balance \$1,073,071 during the fiscal year to \$1,849,640. The reason for the decrease is due to an increase in local incentive payments going out to businesses.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there were various budget transfers for the General Fund. Revenues were \$130,567 below the budgeted amount of \$26,296,474. Expenditures were \$3,497,309 under the budgeted amount of \$25,560,119 due to the cancellation of the fire protection services contract with the Robertson Fire Protection District.

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	
	2018	2017
Land, right-of-way, and construction in progress	\$ 5,299,470	\$ 5,044,496
Buildings and improvements	10,885,527	10,818,019
Infrastructure	15,585,595	16,808,509
Machinery, equipment, and furniture and fixtures	1,445,780	1,285,626
Automotive equipment	1,754,665	1,882,811
Total Capital Assets	\$ 34,791,037	\$ 35,839,461

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	
	2018	2017
General obligation bonds	\$ 7,975,014	\$ 8,969,390
Certificates of participation	3,204,080	3,507,555
Special obligation bonds		
Tax increment revenue notes	17,055,000	17,055,000
Note payable	-	2,321
Capital lease obligations	1,399,110	1,357,275
Compensated absences	1,432,984	1,330,542
Total Long-term Debt	\$ 31,066,188	\$ 32,222,083

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions may be highlighted as follows at the close of fiscal year 2018:

- Gas prices average \$2.773 in the Midwest and \$2.913 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, 2018 has increased 0.6% since June 30, 2017 according to the Bureau of Labor Statistics.
- The unemployment rate in the United States has decreased from fiscal year 2017 to 4.1% according to the Missouri Economic Research and Information Center. The City's unemployment rate has also decreased from fiscal year 2017 to 3.8%.
- Total 2018 General Fund revenues were \$1,894,573, or 7.80%, greater than 2017. Property tax increased slightly while sales taxes increased by over \$1.1 million due to the implementation of the one-half cent Public Safety sales tax. Court fines were stable. Business license revenue increased but permits and inspections decreased.
- A 0.0% overall increase for all sales taxes is included in the 2019 budget.
- 2018 was not a reassessment year. The reassessment for 2018 resulted in minor increased values, but construction and improvement has been ongoing; the budget includes a 4.0% decrease in real estate taxes in Fiscal year 2019.
- The City's Fund Balance Policy requires a minimum General Fund unassigned fund balance of 17% of revenue. 2018 unassigned fund balance represents 36.6% of expenditures, which is above the City's informal ideal balance of 25%.
- Because the City has seen a significant decrease in revenues over the last few years, 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 2019 budget includes a COLA adjustment but no step increases.
- The 2019 Budget projects a \$450,445 increase in the General Fund balance (unassigned fund balance of 34.4% 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, 2018

	Primary Government	Component Unit
	Governmental Activities	Industrial Development Authority
ASSETS		
Cash and investments	\$ 9,620,395	\$ 5,696,592
Receivables, net:		
Property taxes	788,591	-
Sales taxes	2,778,405	-
Special assessments	420,000	-
Ambulance	130,452	-
Court	133,368	-
Other	1,201,519	416,645
Due from fiduciary fund	11,389	-
Prepaid items	67,308	-
Cash - restricted	56,472	-
Capital assets - net:		
Nondepreciable	5,299,470	-
Depreciable	29,671,567	-
TOTAL ASSETS	<u>50,178,936</u>	<u>6,113,237</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	449,085	-
Deferred outflow related to pension	1,264,816	-
Deferred outflow related to other post-employment benefit	9,965	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,723,866</u>	<u>-</u>
LIABILITIES		
Accounts payable	1,090,388	4,167,519
Accrued payroll and employee benefits	348,255	-
Accrued interest	12,553,373	105,652
Other liabilities	921,657	-
Unearned revenue	60,000	-
Noncurrent liabilities:		
Due in one year	2,495,491	520,000
Due in more than one year	28,570,697	3,767,507
Total other post employment benefits liability	960,894	-
Net pension liability	3,702,684	-
TOTAL LIABILITIES	<u>50,703,439</u>	<u>8,560,678</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	<u>870,942</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	23,123,390	-
Restricted for:		
Asset forfeiture	62,202	-
Capital projects	610,981	-
Debt service	1,116,783	1,222,934
Economic development	1,982,060	-
Sewer lateral	146,869	-
Unrestricted	(26,713,864)	(3,670,375)
TOTAL NET POSITION	<u>\$ 328,421</u>	<u>\$ (2,447,441)</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, 2018

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	\$ 3,113,107	\$4,137,347	\$ 7,155	\$ -	\$ 1,031,395	\$ -
Police	8,373,271	627,137	445,142	39,517	(7,261,475)	-
Fire and ambulance	7,257,367	644,552	6,690	-	(6,606,125)	-
Public works	3,955,153	-	1,376,082	-	(2,579,071)	-
Parks and recreation	3,280,869	646,556	2,500	453,740	(2,178,073)	-
Economic development	8,635,217	-	-	-	(8,635,217)	-
Sewer lateral	120,156	70,313	-	-	(49,843)	-
Interest and fiscal charges	2,695,512	-	-	-	(2,695,512)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 37,430,652</u>	<u>\$6,125,905</u>	<u>\$ 1,837,569</u>	<u>\$ 493,257</u>	<u>(28,973,921)</u>	<u>-</u>
Component Unit						
Industrial Development Authority	<u>\$ 4,497,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(4,497,400)</u>
Taxes:						
Property					7,953,974	-
Sales					15,359,920	-
Utility					3,038,291	-
Other					-	5,028,682
Investment income					74,638	20,227
Other miscellaneous revenue					1,060,933	-
TOTAL GENERAL REVENUES					<u>27,487,756</u>	<u>5,048,909</u>
CHANGE IN NET POSITION					<u>(1,486,165)</u>	<u>551,509</u>
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED					2,413,405	(2,998,950)
Prior period adjustment - GASB 75					(598,819)	-
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>1,814,586</u>	<u>(2,998,950)</u>
NET POSITION - END OF YEAR					<u>\$ 328,421</u>	<u>\$ (2,447,441)</u>

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

CITY OF HAZELWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Nonmajor Funds	Total
ASSETS							
Cash and investments	\$ 6,644,749	\$ 383,470	\$ 645,430	\$ 8,468	\$ 1,592,986	\$ 345,292	\$ 9,620,395
Receivables, net:							
Property taxes	737,452	-	51,139	-	-	-	788,591
Sales taxes	1,973,508	313,332	-	217,381	268,133	6,051	2,778,405
Special assessments	-	-	420,000	-	-	-	420,000
Ambulance	130,452	-	-	-	-	-	130,452
Court	133,368	-	-	-	-	-	133,368
Other	769,943	63,454	-	215,870	7,350	144,902	1,201,519
Due from other funds	11,389	-	-	-	-	-	11,389
Prepaid items	67,308	-	-	-	-	-	67,308
Cash - restricted	56,472	-	-	-	-	-	56,472
TOTAL ASSETS	<u>\$ 10,524,641</u>	<u>\$ 760,256</u>	<u>\$ 1,116,569</u>	<u>\$ 441,719</u>	<u>\$ 1,868,469</u>	<u>\$ 496,245</u>	<u>\$ 15,207,899</u>
LIABILITIES							
Accounts payable	\$ 330,032	\$ 149,061	\$ -	\$ 441,719	\$ 14,822	\$ 154,754	\$ 1,090,388
Accrued payroll	344,248	-	-	-	4,007	-	348,255
Other liabilities	921,657	-	-	-	-	-	921,657
Unearned revenue:							
Fire protection service	60,000	-	-	-	-	-	60,000
TOTAL LIABILITIES	<u>1,655,937</u>	<u>149,061</u>	<u>-</u>	<u>441,719</u>	<u>18,829</u>	<u>154,754</u>	<u>2,420,300</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues:							
Property taxes	563,876	-	-	-	-	-	563,876
Special assessments	-	-	420,000	-	-	-	420,000
Ambulance	31,852	-	-	-	-	-	31,852
Court	133,368	-	-	-	-	-	133,368
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>729,096</u>	<u>-</u>	<u>420,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,149,096</u>
FUND BALANCES:							
Non-spendable:							
Prepaid items	67,308	-	-	-	-	-	67,308
Restricted:							
Asset forfeiture	-	-	-	-	-	62,202	62,202
Capital projects	-	610,981	-	-	-	-	610,981
Debt service	-	214	696,569	-	-	-	696,783
Economic development	-	-	-	-	1,849,640	132,420	1,982,060
Sewer lateral	-	-	-	-	-	146,869	146,869
Unassigned	8,072,300	-	-	-	-	-	8,072,300
TOTAL FUND BALANCES	<u>8,139,608</u>	<u>611,195</u>	<u>696,569</u>	<u>-</u>	<u>1,849,640</u>	<u>341,491</u>	<u>11,638,503</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,524,641</u>	<u>\$ 760,256</u>	<u>\$ 1,116,569</u>	<u>\$ 441,719</u>	<u>\$ 1,868,469</u>	<u>\$ 496,245</u>	<u>\$ 15,207,899</u>

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, 2018

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

Total fund balance per balance sheet	\$ 11,638,503
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,971,037
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,149,096
Certain items related to the pension and OPEB plans 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.	403,839
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.	(12,553,373)
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	(960,894)
Net pension liability	(3,702,684)
Accrued compensated absences	(1,432,984)
Deferred items on refunding	449,085
Outstanding debt	(29,633,204)
	<hr/>
Net position of governmental activities	<u>\$ 328,421</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Nonmajor Funds	Total
REVENUES							
Property taxes	\$ 4,019,433	\$ -	\$ 1,030,326	\$ 2,474,178	\$ -	\$ 479,792	\$ 8,003,729
Sales taxes	10,357,459	1,744,038	-	1,434,767	1,695,515	128,141	15,359,920
Utility taxes	2,979,650	-	-	58,641	-	-	3,038,291
Other taxes	1,376,082	-	-	-	-	-	1,376,082
Permits and inspections	646,328	-	-	-	-	-	646,328
Licenses	3,432,070	-	-	-	-	-	3,432,070
Intergovernmental	450,317	493,127	-	-	-	11,300	954,744
Fines and forfeitures	686,086	-	-	-	-	-	686,086
Investment income	73,691	234	-	-	258	455	74,638
Recreation fees	646,556	-	-	-	-	-	646,556
Sewer lateral	-	-	-	-	-	70,313	70,313
Miscellaneous	1,498,235	40,873	86,122	-	122,450	-	1,747,680
TOTAL REVENUES	26,165,907	2,278,272	1,116,448	3,967,586	1,818,223	690,001	36,036,437
EXPENDITURES							
Current:							
Mayor and council	70,481	-	-	-	-	-	70,481
City manager	619,808	-	-	-	-	-	619,808
Information systems	495,230	-	-	-	-	-	495,230
Finance	469,807	-	1,564	-	-	-	471,371
Legal	413,001	-	-	-	-	-	413,001
City clerk	199,244	-	-	-	-	-	199,244
Courts	197,010	-	-	-	-	-	197,010
Police	7,804,231	-	-	-	-	67,789	7,872,020
Fire and ambulance	6,759,574	-	-	-	-	-	6,759,574
Public works:							
Administration	1,184,438	-	-	-	-	-	1,184,438
General maintenance	940,115	-	-	-	-	-	940,115
Park maintenance	890,568	-	-	-	-	-	890,568
Recreation	1,918,572	-	-	-	-	-	1,918,572
Sewer lateral	-	-	-	-	-	120,156	120,156
Economic development	-	550,000	-	3,967,586	2,512,980	1,577,682	8,608,248
Capital outlay	100,731	2,415,812	-	-	219,597	-	2,736,140
Debt service:							
Principal	-	504,486	935,000	-	116,000	-	1,555,486
Interest	-	109,016	214,465	-	42,717	564,153	930,351
TOTAL EXPENDITURES	22,062,810	3,579,314	1,151,029	3,967,586	2,891,294	2,329,780	35,981,813
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,103,097	(1,301,042)	(34,581)	-	(1,073,071)	(1,639,779)	54,624
OTHER FINANCING SOURCES (USES)							
Sale of assets	1,940	-	-	-	-	-	1,940
Lease proceeds	-	370,000	-	-	-	-	370,000
Transfers in	-	619,732	-	-	-	-	619,732
Transfers out	(619,732)	-	-	-	-	-	(619,732)
TOTAL OTHER FINANCING SOURCES (USES)	(617,792)	989,732	-	-	-	-	371,940
CHANGE IN FUND BALANCE	3,485,305	(311,310)	(34,581)	-	(1,073,071)	(1,639,779)	426,564
FUND BALANCES - BEGINNING OF YEAR	4,654,303	922,505	731,150	-	2,922,711	1,981,270	11,211,939
FUND BALANCES - END OF YEAR	\$ 8,139,608	\$ 611,195	\$ 696,569	\$ -	\$ 1,849,640	\$ 341,491	\$ 11,638,503

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, 2018**

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

Change in fund balance-total governmental funds	\$ 426,564
The acquisition of capital assets requires the use of current financials resources, but has no effect on net position.	2,242,770
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(3,067,059)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales or trade-ins) that decreases net position.	(44,135)
Revenues in the statement of activities that do not provide current financial resources, are not reported as revenue in the governmental funds.	(49,755)
Payments of principal on bonds, capital leases and notes payable reduce fund balance in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	1,555,486
Proceeds from the issuance of debt is reflected as other financing sources in the fund statements, however it is an increase in liabilities in the statement of net position.	(370,000)
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	(102,442)
Accrued interest	(1,785,676)
Amortization of premium/discount and other deferred items	20,515
Net OPEB obligation	(19,397)
Net pension liability and deferred inflows/outflows	(293,036)
Change in net position of governmental activities	<u><u>\$ (1,486,165)</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, 2018

CURRENT ASSETS

Investments at fair value:

Money market funds	\$ 346,015
Common stock	13,961,792
Corporate obligations	6,991,325
Mutual funds - equity	10,789,227
Mutual funds - fixed income	4,941,602
Government and agency securities	4,303,600
Interest receivable	82,406
TOTAL ASSETS	<u>41,415,967</u>

CURRENT LIABILITIES

Due to other funds	<u>11,389</u>
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NET POSITION

Restricted for pension	<u><u>\$ 41,404,578</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, 2018

ADDITIONS

Employer contributions	\$ 1,393,515
Investment earnings:	
Interest and dividends	866,814
Investment return	3,277,641
Trustee fees - asset management	(134,597)
Total investment earnings	<u>4,009,858</u>
 TOTAL ADDITIONS	 <u>5,403,373</u>

DEDUCTIONS

Distributions	<u>2,334,113</u>
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CHANGE IN NET POSITION	3,069,260
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NET POSITION - BEGINNING OF YEAR	<u>38,335,318</u>
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NET POSITION - END OF YEAR	<u><u>\$ 41,404,578</u></u>
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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, 2018

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.

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

B. **BASIC FINANCIAL STATEMENTS** - continued

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.

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.

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, works of art and service concession agreements are recorded at acquisition value.

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. There were no encumbrance at June 30, 2018.

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 uncollectible of \$228,263.

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, post-employment benefits, 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 in the statement of net position. The City as deferred inflows in the governmental funds balance sheet related to property taxes, special assessment, ambulance billing and court.

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, 2018, 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, 2018, 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	\$ 4,838,040	\$ -	\$ 1,946,313	\$ 2,891,727	\$ -	\$ -	Not rated
Repurchase agreement	3,585,303	-	3,585,303	-	-	-	Not rated
Money market funds	4,990	4,990	-	-	-	-	Not rated
Total Primary Government	8,428,333	4,990	5,531,616	2,891,727	-	-	
Component Unit (IDA)							
Certificates of deposit	175,893	-	100,446	75,447	-	-	Not rated
Money market funds	4,762,015	4,762,015	-	-	-	-	Not rated
Government securities:							
Federal agency notes	571,375	-	367,680	-	203,695	-	Aaa
Corporate bonds	182,762	-	-	182,762	-	-	Aaa
Total Component Unit (IDA)	5,692,045	4,762,015	468,126	258,209	203,695	-	
Fiduciary Fund							
Common stock	13,961,792	13,961,792	-	-	-	-	Not rated
Corporate obligations	1,511,736	-	-	1,264,736	139,301	107,699	AAA
Corporate obligations	90,652	-	-	43,354	29,283	18,015	AA+
Corporate obligations	91,611	-	40,908	50,703	-	-	AA
Corporate obligations	141,866	-	-	63,778	78,088	-	AA-
Corporate obligations	283,740	-	-	145,931	137,809	-	A+
Corporate obligations	735,517	-	26,038	362,104	347,375	-	A
Corporate obligations	1,134,701	-	-	561,360	573,341	-	A-
Corporate obligations	1,116,937	-	-	326,933	790,004	-	BBB+
Corporate obligations	1,132,043	-	-	579,174	552,869	-	BBB
Corporate obligations	88,094	-	-	-	58,507	29,587	BBB-
Corporate obligations	664,428	-	44,957	181,613	79,974	357,884	Aaa
Money market funds	346,015	346,015	-	-	-	-	Not rated
Mutual funds - equity	10,789,227	10,789,227	-	-	-	-	Not rated
Mutual funds - fixed income	4,941,602	-	-	-	4,941,602	-	B
Government securities:							
Federal agency notes	1,301,242	-	364,000	685,936	251,306	-	AA+/NA
Municipal issues	61,828	-	-	-	61,828	-	A-
U.S. Treasury notes	2,940,530	-	469,680	1,530,107	940,743	-	Aaa
Total Fiduciary Fund	41,333,561	25,097,034	945,583	8,795,729	8,982,030	513,185	
Total Investments	\$ 55,453,939	\$ 29,864,039	\$ 6,945,325	\$ 11,945,665	\$ 9,185,725	\$ 513,185	

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 (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs; and Level 3 inputs are significant unobservable inputs. The City uses the following fair value techniques in measuring fair value of its investments:

Common stock and U.S. Treasury Notes are valued at quoted market prices obtained from exchanges and market trade pricing (Level 1).

U.S. Government Agency Securities, Corporate and Municipal bonds, Market Indexed Certificates of Deposits and Market Linked Certificates of Deposits, and Money Market Funds are valued based upon various model pricing methods which use evaluations based on various market and industry inputs (Level 2).

Equity 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).

The City has the following recurring fair value measurements as of June 30, 2018:

Investments Measured at Fair Value:		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Totals				
U.S. Agency Securities	\$ 1,872,617	\$ -	\$ 1,872,617	\$ -
U.S. Treasuries	2,940,530	2,940,530	-	-
Corporate Bonds	7,174,087	-	7,174,087	-
Municipal Bonds	61,828	-	61,828	-
Mutual Funds	15,730,829	-	15,730,829	-
Common Stock	13,961,792	13,961,792	-	-
Money Market Funds	5,113,020	-	5,113,020	-
Certificates of Deposit	4,585,392	-	4,585,392	-
	<u>51,440,095</u>	<u>\$ 16,902,322</u>	<u>\$ 34,537,773</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
Certificates of Deposit	428,541			
Repurchase Agreement	<u>3,585,303</u>			
	<u>\$ 55,453,939</u>			

4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2018 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	\$ 4,905,741	\$ 232,500	\$ -	\$ 5,138,241
Construction in process	138,755	1,374,149	(1,351,675)	161,229
Total capital assets, not being depreciated	5,044,496	1,606,649	(1,351,675)	5,299,470
Capital assets, being depreciated:				
Building and improvements	23,167,818	766,324	(19,850)	23,914,292
Infrastructure	39,921,168	229,832	-	40,151,000
Machinery, equipment, and furniture and fixtures	5,655,795	643,531	(96,051)	6,203,275
Automotive equipment	5,046,575	348,109	(238,958)	5,155,726
Total capital assets, being depreciated	73,791,356	1,987,796	(354,859)	75,424,293
Less accumulated depreciation for:				
Building and improvements	(12,349,799)	(689,884)	10,918	(13,028,765)
Infrastructure	(23,112,659)	(1,452,746)	-	(24,565,405)
Machinery, equipment, and furniture and fixtures	(4,370,169)	(475,087)	87,761	(4,757,495)
Automotive equipment	(3,163,764)	(449,342)	212,045	(3,401,061)
Total accumulated depreciation	(42,996,391)	(3,067,059)	310,724	(45,752,726)
Total capital assets, being depreciated, net	30,794,965	(1,079,263)	(44,135)	29,671,567
Total governmental activities	\$ 35,839,461	\$ 527,386	\$ (1,395,810)	\$ 34,971,037

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

Governmental activities:	
General government	\$ 526,493
Police	183,905
Fire and ambulance	363,398
Public works	1,656,237
Parks and recreation	337,026
Total depreciation expense - governmental activities	\$ 3,067,059

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. \$ 225,000

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, 2018, \$213,278 was included in accrued interest for the interest accretion. 3,699,047

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. Interest rates range from 2.0% to 4.0, due March 1, 2026. 3,620,000

Total General Obligation Bonds \$ 7,544,047

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 when called in March 2018. 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. \$ 3,080,000

5. **LONG-TERM DEBT** - continued

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

For the Years Ending June 30	General Obligation Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest
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	599,047	467,030	330,000	74,488
2023	965,000	108,527	340,000	61,288
2024 - 2027	3,055,000	158,471	1,490,000	125,676
TOTAL	\$ <u>7,544,047</u>	\$ <u>1,263,687</u>	\$ <u>3,080,000</u>	\$ <u>550,016</u>

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, 2018 amounted to \$12,238,326 and amounts outstanding are as follows:

	Date Issued	Date of Maturity	Original Amount	Balance June 30, 2018
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%.

5. LONG-TERM DEBT - continued

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 \$577,540 to the Capital Projects Fund for its portion of the pledged revenues. The Capital Projects Fund paid \$550,000 to the IDA for the year ended June 30, 2018. 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, 2018</u>
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment Area	11-25-2003	8-1-2020	\$ 26,385,000	\$ 600,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	03-07-2007	2-1-2027	5,845,000	<u>3,760,000</u>
Total				<u>\$ 4,360,000</u>

<u>For the Years Ending June 30</u>	<u>TIF Revenue Bonds</u>		<u>Capital Projects Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 190,000	\$ 27,335	\$ 330,000	\$ 221,194
2020	200,000	16,925	350,000	201,806
2021	210,000	5,775	370,000	181,244
2022	-	-	390,000	159,506
2023	-	-	415,000	136,594
2024 - 2027	-	-	<u>1,905,000</u>	<u>288,756</u>
TOTAL	<u>\$ 600,000</u>	<u>\$ 50,035</u>	<u>\$ 3,760,000</u>	<u>\$ 1,189,100</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, 2018					
	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due Within One Year
Primary Government:					
General obligation bonds	\$ 8,479,047	\$ -	\$ (935,000)	\$ 7,544,047	\$ 950,000
Plus - premium (discount)	490,343	-	(59,376)	430,967	-
Certificates of participation	3,370,000	-	(290,000)	3,080,000	300,000
Plus - premium (discount)	137,555	-	(13,475)	124,080	-
Tax increment revenue notes	17,055,000	-	-	17,055,000	-
Note payable	2,321	-	(2,321)	-	-
Capital lease obligation	1,357,275	370,000	(328,165)	1,399,110	242,403
Compensated absences	1,330,542	876,502	(774,060)	1,432,984	1,003,088
Total	<u>\$ 32,222,083</u>	<u>\$ 1,246,502</u>	<u>\$ (2,402,397)</u>	<u>\$ 31,066,188</u>	<u>\$ 2,495,491</u>
Component Unit:					
Capital projects bonds	\$ 4,070,000	\$ -	\$ (310,000)	\$ 3,760,000	\$ 330,000
Less - discount	(15,941)	-	1,649	(14,292)	-
Tax increment financing revenue bonds	780,000	-	(180,000)	600,000	190,000
Less - discount	(81,482)	-	23,281	(58,201)	-
Total	<u>\$ 4,752,577</u>	<u>\$ -</u>	<u>\$ 465,070</u>	<u>\$ 4,287,507</u>	<u>\$ 520,000</u>

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 \$3,952,081 and accumulated depreciation of \$1,479,946 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, 2018 is as follows:

2019	\$ 308,350
2020	308,349
2021	253,084
2022	135,677
2023	114,963
2024 - 2028	<u>398,287</u>
Total minimum lease payment	1,518,710
Less: amount representing interest	<u>119,600</u>
Present value of future minimum lease payments	\$ <u><u>1,399,110</u></u>

7. **EMPLOYEE RETIREMENT PLAN**

General Information about the Plan

Plan Description - The Retirement Plan for Police Officers, Firefighters, and Other Employees of the City of Hazelwood (the Pension Plan) is a single-employer defined benefit pension plan and provides pensions for all permanent full-time policemen, firemen, and other employees of the City. The Pension Plan was created and is governed by City ordinance. The Pension Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements. Information about the Pension Plan is provided in a summary plan description.

Benefits provided - Employees who attain the age of 60 or have 25 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 Pension Plan in effect immediately prior to 1989, based on credited service to the date. The Pension Plan also provides early retirement, late retirement, vested deferred retirement, and disability benefits.

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

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>177</u>
Total	<u><u>318</u></u>

7. **EMPLOYEE RETIREMENT PLAN** - continued

Contributions - The City contributes to the Pension 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 Pension Plan. For the year ended June 30, 2018, the City's actual contribution to the Pension Plan represented 12.96% of annual covered payroll. In the past, contributions to the Pension Plan have come from the General Fund.

Investment Policy - The objective of the portfolio is to direct the investment and reinvestment of Pension 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, 2018:

<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, 2017, and the total pension liability was determined by rolling forward the Pension Plan's total pension liability as of July 1, 2017 to June 30, 2018 using the actuarial assumptions outlined below.

Actuarial assumptions - The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
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 actuarial assumptions used in the 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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term expected Real Rate of Return</u>
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 Pension 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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances - June 30, 2017	\$ 42,791,600	\$ 38,204,019	\$ 4,587,581
Changes for the year:			
Service cost	759,656	-	759,656
Interest	3,217,370	-	3,217,370
Differences between expected and actual experience	489,179	-	489,179
Contribution - employer	-	1,324,248	(1,324,248)
Net investment income	-	4,026,854	(4,026,854)
Benefit payment, including refunds	(2,326,398)	(2,326,398)	-
Net Changes	<u>2,139,807</u>	<u>3,024,704</u>	<u>(884,897)</u>
Balances - June 30, 2018	\$ <u>44,931,407</u>	\$ <u>41,228,723</u>	\$ <u>3,702,684</u>

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	\$9,305,400	\$3,702,684	\$(995,861)

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

For the year ended June 30, 2018, the city recognized pension expense of \$1,617,284. At June 30, 2018, 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	\$ 578,349	\$ 88,131
Changes in assumptions	686,467	-
Net differences between projected and actual earning on pension plan investments	-	782,811
	<u>\$ 1,264,816</u>	<u>\$ 870,942</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:	
2019	\$ 468,656
2020	261,715
2021	(492,568)
2022	20,618
2023	122,824
2024	12,629
	<u>\$ 393,874</u>

8. **OTHER POST EMPLOYMENT BENEFITS**

Plan Description and Provisions - The City of Hazelwood's Postretirement Health Benefits plan (the "Plan") is a single-employer other post-employment benefit (OPEB) plan that provides its retirees with access to healthcare until attainment of Medicare Eligibility Age. The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City has a fiduciary net position of \$-0- meaning it has no accumulated assets as defined by GASB Statement 75.

8. **OTHER POST EMPLOYMENT BENEFITS** - continued

The City funds these benefits on a pay as you go basis. Since other post-employment benefits are merely an implicit subsidy and not a direct expenditure of the City, funds used to pay for these benefits are paid out of any fund that incurs health insurance benefit costs. The most significant cost is out of the General Fund.

Net position as of July 1, 2017 has been restated for the retroactive implementation of GASB Statement 75.

At July 1, 2018, the date of the last actuarial valuation, the Plan covered the following number of participants for medical coverage:

Active participants	164
Retirees and beneficiaries currently receiving benefits	<u>9</u>
Total Plan Participants	<u><u>173</u></u>

Valuations are performed using the Entry Age Normal Cost Method, level percent of salary. Under this method, a salary scale assumption is required; this was chosen to be consistent with the pension valuation.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate:	RP2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally using scale BB
Healthcare Inflation Rate:	8% in 2018, graded down to 4.5% after 12 years
Projected Salary Increases:	4.5% per annum

Discount Rate

The discount rate used to measure the total OPEB liability was 2.98%, which is derived from the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018.

OPEB Net Liability

OPEB Liability as of June 30, 2017	\$	<u>931,532</u>
Changes for the year:		
Service cost		42,802
Interest		29,656
Changes of assumptions		11,031
Benefit payments		<u>(54,127)</u>
Net Changes		<u>29,362</u>
OPEB Liability as of June 30, 2018	\$	<u><u>960,894</u></u>

8. **OTHER POST EMPLOYMENT BENEFITS - continued**

Sensitivity of the OPEB Net Liability

Discount Rate Sensitivity - The following presents the net OPEB net liability of the City, calculated using the discount rate of 2.98%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.98%) or 1 percentage-point higher (3.98%) than the current rate:

	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Net OPEB liability	\$ 1,036,804	\$ 960,894	\$ 889,253

Healthcare Trend Rate Sensitivity - The following presents the OPEB net liability of the City, calculated using the healthcare trend rate of 8% to an ultimate rate of 4.5%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 859,821	\$ 960,894	\$ 1,079,743

Other Post Employment Benefit Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$73,524. At June 30, 2018, the City reported deferred outflows of resources related to the OPEB Plan for the differences between expected and actual experience in the amount of \$9,965.

Amounts reported as deferred outflows of resources related to the OPEB Plan will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 1,066
2020	1,066
2021	1,066
2022	1,066
2023	1,066
Subsequent	4,635
	<u>\$ 9,965</u>

9. RISK MANAGEMENT

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

The City, 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.

10. 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. Taxes collected subsequent to the 60 day period are considered to be unavailable on the fund financial statements yet are recognized as revenue in the government-wide financial statements.

11. 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.

12. **UNRESTRICTED NET POSITION**

The government-wide statement of net position reflects a negative unrestricted net position of \$26,713,864. This total is comprised of \$2,586,451 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 \$12,245,315 in accrued interest which is for development not owned by the City.

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.

13. **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 5 is payable through October 2029.

For the current year, the IDA's principal and interest paid and total incremental tax revenues were \$765,728 and \$5,028,682, respectively. For the current year, the City's tax increment financing interest paid and total incremental tax revenues were \$564,153 and \$625,101, respectively.

14. **INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities as of June 30, 2018 are as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pension Trust Fund	\$ 11,389

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, 2019.

15. **INTERFUND TRANSFERS**

Individual interfund transfers for the year ended June 30, 2018 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 619,732

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, 2018, the City had \$4,620,000 of these loans outstanding. The City also has loans with other companies for \$3,000,000. 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, 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, 2018, the principal amount payable was \$5,224,005.

The City issued Industrial Revenue Bonds during 2017 to provide financial assistance to the private sector entity, Mitek Inc., 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 2017 Series is structured to pay the principal balance at maturity, December 1, 2034. At June 30, 2018, the principal amount payable was \$3,279,580.

17. **CONDUIT DEBT - continued**

The City issued Industrial Revenue Bonds during 2017 to provide financial assistance to the private sector entity, 4847 Park 370 Boulevard 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 2017 Series is structured to pay the principal balance at maturity, December 1, 2027. At June 30, 2018, the principal amount payable was \$3,119,550.

The City issued Industrial Revenue Bonds during 2018 to provide financial assistance to the private sector entity, NP Hazelwood VII, LLC and NP Hazelwood 370 Building II, LLC, 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 2018 Series is structured to pay the principal balance at maturity, December 1, 2022. At June 30, 2018, the principal amount payable was \$5,668,528 and \$252,750, respectively.

18. **RESTRICTED NET POSITION**

The government-wide statement of net position reports \$3,918,895 of restricted net position of which \$2,802,112 is restricted by enabling legislation.

19. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

20. **TAX ABATEMENTS**

As of June 30, 2018, the City provides tax abatements through the Industrial Development Financing under Chapter 135 and Chapter 353, Missouri Revised Statutes.

Enhanced Enterprise Zones under Chapter 135 of the Revised Statutes of Missouri authorize the governing authority having jurisdiction of the area to abate certain entities, in whole or in part, from assessment and payment of ad valorem taxes if at least fifty new jobs (providing at least thirty-five hours of employment per week per job) are created and maintained at the new or expanded facility.

20. **TAX ABATEMENTS** - continued

Industrial Development Financing under Chapter 353 tax abatement is an incentive to encourage the redevelopment of blighted areas by providing real property tax abatement. These abatements are under the authority of Chapter 353 of the Revised Statutes of Missouri (the “Urban Redevelopment Corporation Law”). To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation organized for the purpose of clearance, re-planning, reconstruction, or rehabilitation of blighted areas. Tax abatement is only extended to real property that has been found to be a “blighted area” by the City. Under Chapter 353, the City may grant tax abatements up to 100% of annual property taxes for the first 10 years for the increased assessed value over the base land value and up to 50% of annual property taxes for the next 15 years for a maximum 25-year abatement. The length of time abatements are permitted and the amount of abatement allowed is outlined within the guidelines developed for each area or project designated.

The amount of taxes abated during the year ending June 30, 2018 was as follows:

Tax Abatement Programs	Amount of tax abatement
Chapter 135	\$ 36,113
Chapter 353	87,700
	<u>\$ 123,813</u>

21. **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. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 87, *Leases*, GASB Statement No. 88, *Certain Disclosures Related to Debt*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB No. 90, *Majority Equity Interests*. The City will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes:				
Real estate	\$ 3,228,850	\$ 3,228,850	\$ 2,750,708	\$ (478,142)
Personal property	947,395	947,395	889,959	(57,436)
Property surtax	334,756	334,756	378,766	44,010
Total Property Taxes	4,511,001	4,511,001	4,019,433	(491,568)
Sales taxes:				
Hotel/motel tax	327,796	327,796	264,418	(63,378)
Fire	949,054	949,054	833,676	(115,378)
Park and stormwater	1,853,783	1,853,783	1,669,219	(184,564)
Sales	5,861,248	5,861,248	5,904,247	42,999
Use	1,548,169	1,548,169	1,533,974	(14,195)
Guaranty assessments	70,156	70,156	151,925	81,769
Total Sales Taxes	10,610,206	10,610,206	10,357,459	(252,747)
Utility taxes	3,150,450	3,150,450	2,979,650	(170,800)
Other taxes:				
Cigarette	71,679	71,679	59,105	(12,574)
Gasoline	697,488	697,488	688,017	(9,471)
Road and bridge	548,784	548,784	513,054	(35,730)
Vehicle fees	112,973	112,973	115,906	2,933
Total Other Taxes	1,430,924	1,430,924	1,376,082	(54,842)
Permits and Inspections:				
Building permits	350,000	350,000	440,324	90,324
Occupancy permits	182,181	182,181	188,354	6,173
Land disturbance fee	5,500	5,500	17,650	12,150
Total Permits and Inspections	537,681	537,681	646,328	108,647
Licenses:				
Manufacturers	1,153,130	1,153,130	1,337,428	184,298
Occupation services	1,287,435	1,287,435	1,237,187	(50,248)
Merchants	500,000	500,000	616,841	116,841
Liquor	11,500	11,500	11,057	(443)
Coin devices	3,820	3,820	3,034	(786)
Franchises	239,305	239,305	226,523	(12,782)
Total Licenses	3,195,190	3,195,190	3,432,070	236,880
Intergovernmental				
Grant income	567,285	567,285	450,317	(116,968)
Fines and forfeitures:				
Court fines	552,605	552,605	608,521	55,916
Police fines	13,161	13,161	18,616	5,455
License fines	13,000	13,000	19,953	6,953
Property fines	45,000	45,000	38,996	(6,004)
Total Fines and Forfeitures	623,766	623,766	686,086	62,320
Investment income	46,809	46,809	73,691	26,882

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (Continued)				
Recreation fees:				
Swimming pools	\$ 150,121	\$ 150,121	\$ 192,867	\$ 42,746
Rentals	100,822	100,822	97,520	(3,302)
Classes	127,259	127,259	137,296	10,037
Recreation programs and trips	19,483	19,483	22,645	3,162
Concessions	55,764	55,764	57,809	2,045
Resident cards	53,340	53,340	84,183	30,843
Sports complex	62,989	62,989	54,236	(8,753)
Total Recreation Fees	569,778	569,778	646,556	76,778
Miscellaneous:				
Fire protection service	120,000	120,000	120,000	-
Ambulance fees	482,953	482,953	524,552	41,599
Other	450,431	450,431	853,683	403,252
Total Miscellaneous	1,053,384	1,053,384	1,498,235	444,851
Total Revenues	26,296,474	26,296,474	26,165,907	(130,567)
EXPENDITURES				
Mayor and council:				
Personnel services	48,078	48,078	48,344	(266)
Contractual services	40,081	40,081	21,988	18,093
Commodities	150	150	149	1
Capital outlay	-	-	-	-
Total Mayor And Council	88,309	88,309	70,481	17,828
City manager:				
Personnel services	516,415	516,415	514,154	2,261
Contractual services	50,357	70,357	80,112	(9,755)
Commodities	33,230	33,230	26,462	6,768
Contingencies	1,000	1,000	(920)	1,920
Total City Manager	601,002	621,002	619,808	1,194
Information system:				
Personnel services	179,864	179,864	175,454	4,410
Contractual services	294,475	294,475	296,741	(2,266)
Commodities	23,200	23,200	23,035	165
Capital outlay	14,206	14,206	375	13,831
Total Information System	511,745	511,745	495,605	16,140
Finance:				
Personnel Services	344,482	344,482	326,648	17,834
Contractual services	119,116	125,116	142,294	(17,178)
Commodities	1,250	1,250	865	385
Capital outlay	-	-	100	(100)
Total Finance	464,848	470,848	469,907	941

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Legal				
Personnel services	\$ 71,151	\$ 71,151	\$ 68,583	\$ 2,568
Contractual services	299,440	340,440	342,787	(2,347)
Commodities	1,950	1,950	1,631	319
Capital outlay	-	-	-	-
Total Legal	372,541	413,541	413,001	540
Courts				
Personnel services	142,174	142,174	142,715	(541)
Contractual services	58,740	58,740	53,084	5,656
Commodities	2,150	2,150	1,211	939
Capital outlay	-	-	-	-
Total Courts	203,064	203,064	197,010	6,054
City Clerk				
Personnel services	144,911	161,911	165,581	(3,670)
Contractual services	37,096	37,096	32,794	4,302
Commodities	990	990	869	121
Total City Clerk	182,997	199,997	199,244	753
Police				
Personnel services	7,523,458	7,413,458	7,355,711	57,747
Contractual services	240,290	240,290	217,170	23,120
Commodities	200,535	200,535	184,063	16,472
Capital outlay	16,100	16,100	16,321	(221)
Contingencies	22,999	22,999	47,287	(24,288)
Total Police	8,003,382	7,893,382	7,820,552	72,830
Fire				
Personnel services	3,700,041	3,700,041	3,698,183	1,858
Contractual services	5,501,381	5,527,381	2,319,828	3,207,553
Commodities	53,101	53,101	57,961	(4,860)
Capital outlay	38,300	38,300	43,158	(4,858)
Contingencies	3,000	3,000	933	2,067
Total Fire	9,295,823	9,321,823	6,120,063	3,201,760
Ambulance				
Personnel services	589,307	589,307	547,116	42,191
Contractual services	54,825	54,825	89,390	(34,565)
Commodities	48,520	48,520	46,163	2,357
Capital outlay	3,100	3,100	641	2,459
Contingencies	500	500	-	500
Total Ambulance	696,252	696,252	683,310	12,942
Public Works				
Administration:				
Personnel services	771,395	771,395	754,036	17,359
Contractual services	456,205	456,205	416,527	39,678
Commodities	14,901	14,901	11,375	3,526
Capital outlay	1,500	1,500	528	972
Contingencies	-	-	2,500	(2,500)
Total Administration	1,244,001	1,244,001	1,184,966	59,035

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public Works (continued)				
General maintenance:				
Personnel services	\$ 700,744	\$ 700,744	\$ 666,252	\$ 34,492
Contractual services	94,371	94,371	94,123	248
Commodities	187,338	187,338	179,740	7,598
Capital outlay	9,450	9,450	6,937	2,513
Contingencies	500	500	-	500
Total General Maintenance	<u>992,403</u>	<u>992,403</u>	<u>947,052</u>	<u>45,351</u>
Park maintenance:				
Personnel services	830,808	830,808	809,246	21,562
Contractual services	26,212	26,212	20,532	5,680
Commodities	69,820	69,820	60,790	9,030
Capital outlay	18,300	18,300	16,861	1,439
Contingencies	1,000	1,000	-	1,000
Total Park Maintenance	<u>946,140</u>	<u>946,140</u>	<u>907,429</u>	<u>38,711</u>
Recreation:				
Personnel services	1,259,760	1,259,760	1,227,722	32,038
Contractual services	566,369	566,369	554,998	11,371
Commodities	113,956	113,956	135,852	(21,896)
Capital outlay	16,027	16,027	15,810	217
Contingencies	1,500	1,500	-	1,500
Total Recreation	<u>1,957,612</u>	<u>1,957,612</u>	<u>1,934,382</u>	<u>23,230</u>
Total Public Works	<u>5,140,156</u>	<u>5,140,156</u>	<u>4,973,829</u>	<u>166,327</u>
Total Expenditures	<u>25,560,119</u>	<u>25,560,119</u>	<u>22,062,810</u>	<u>3,497,309</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>736,355</u>	<u>736,355</u>	<u>4,103,097</u>	<u>3,366,742</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,940	1,940
Transfers out	(654,504)	(654,504)	(619,732)	34,772
Total Other Financing Sources (Uses)	<u>(654,504)</u>	<u>(654,504)</u>	<u>(617,792)</u>	<u>36,712</u>
NET CHANGE IN FUND BALANCE	<u>\$ 81,851</u>	<u>\$ 81,851</u>	<u>3,485,305</u>	<u>\$ 3,403,454</u>
FUND BALANCE - BEGINNING OF YEAR			<u>4,654,303</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,139,608</u>	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,852,894	\$ 1,852,894	\$ 1,695,515	\$ (157,379)
Investment income	120	120	258	138
Other	50,000	50,000	122,450	72,450
Total Revenues	<u>1,903,014</u>	<u>1,903,014</u>	<u>1,818,223</u>	<u>(84,791)</u>
EXPENDITURES				
Current:				
Economic development	3,505,223	3,505,223	2,512,980	992,243
Capital outlay	838,280	838,280	219,597	618,683
Debt service:				
Principal	99,750	99,750	116,000	(16,250)
Interest	41,873	41,873	42,717	(844)
Total Expenditures	<u>4,485,126</u>	<u>4,485,126</u>	<u>2,891,294</u>	<u>1,593,832</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (2,582,112)</u></u>	<u><u>\$ (2,582,112)</u></u>	<u>(1,073,071)</u>	<u><u>\$ (1,678,623)</u></u>
FUND BALANCE - BEGINNING OF YEAR			<u>2,922,711</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,849,640</u></u>	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

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 SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEARS ENDING JUNE 30,

Total Pension Liability

	2018	2017	2016	2015
Service cost	\$ 759,656	\$ 794,071	\$ 753,943	\$ 720,751
Interest	3,217,370	3,062,233	2,919,359	2,719,167
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	489,179	239,269	(152,442)	-
Changes in assumptions	-	-	1,187,416	-
Benefit payments, including refunds	(2,326,398)	(2,161,746)	(1,937,724)	(1,743,486)
Net change in total pension liability	2,139,807	1,933,827	2,770,552	1,696,432
Total pension liability - beginning of year	42,791,600	40,857,773	38,087,221	36,390,789
Total pension liability - end of year	<u>\$ 44,931,407</u>	<u>\$42,791,600</u>	<u>\$40,857,773</u>	<u>\$ 38,087,221</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 1,324,248	\$ 1,299,270	\$ 1,247,549	\$ 1,281,985
Net investment income	4,026,854	5,082,943	(1,112,848)	1,550,604
Benefit payments, including refunds	(2,326,398)	(2,161,746)	(1,937,724)	(1,743,486)
Administrative expenses	-	-	-	-
Net change in plan fiduciary net position	3,024,704	4,220,467	(1,803,023)	1,089,103
Plan fiduciary net position - beginning of year	38,204,019	33,983,552	35,786,575	34,697,472
Plan fiduciary net position - end of year	<u>\$ 41,228,723</u>	<u>\$38,204,019</u>	<u>\$33,983,552</u>	<u>\$ 35,786,575</u>
Net pension liability - end of year	<u>\$ 3,702,684</u>	<u>\$ 4,587,581</u>	<u>\$ 6,874,221</u>	<u>\$ 2,300,646</u>
Plan fiduciary net position as a percentage of total pension liability	<u>91.76%</u>	<u>89.28%</u>	<u>83.18%</u>	<u>93.96%</u>
Covered employee payroll	<u>\$ 10,218,917</u>	<u>\$10,720,554</u>	<u>\$ 9,863,406</u>	<u>\$ 10,162,059</u>
Net pension liability as a percentage of covered payroll	<u>36.23%</u>	<u>42.79%</u>	<u>69.69%</u>	<u>22.64%</u>

Note: The above information is not available for years prior to the implementation of GASB 67.

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

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Payroll	Contribution As A Percentage Of Covered Payroll
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	1,281,399	1,247,549	33,850	97	9,863,406	12.65
2017	1,351,728	1,299,270	52,458	96	10,720,554	12.12
2018	1,446,065	1,324,248	121,817	92	10,218,917	12.96

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,	
2009	13.4 %
2010	18.5
2011	2.0
2012	13.2
2013	16.9
2014	4.8
2015	4.5
2016	(3.1)
2017	15.3
2018	10.8

Notes to Schedule

Valuation Date: July 1, 2017

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	2.75%
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
SCHEDULE OF CHANGES IN NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS AS OF JUNE 30

Total Net Other Post-Employment Benefit Liability

	2018
Service cost	\$ 42,802
Interest	29,656
Changes in benefit terms	11,031
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(54,127)
Net change in total Other Post-Employment Benefit liability	29,362
Total Other Post-Employment Benefit liability - beginning of year	931,532
Total Other Post-Employment Benefit liability - end of year	<u>\$ 960,894</u>
 Covered employee payroll	 <u>\$10,578,026</u>
 Total Other Post-Employment Benefit liability as a percentage of covered employee payroll	 <u>9.08%</u>

Notes to Schedule

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Health Care Inflation	8% initially, grading down to 4.5%
Salary increases	4.5% per annum
Discount rate	2.98%
Retirement age	65
Mortality	Retired Pensioners (RP) 2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally unusing scale BB
Other information:	There were no benefit changes during the year. The actuarial cost method was revised to be consistent with the requirements of GASB 75 and the discount rate was decreased from 3.13% to 2.98%. In addition, the mortality scale was changed from Scale AA to Scale BB and retirement and termination assumptions were updated to be consistent with the pension

Note: The above information is not available for years prior to the implementation of GASB 75. Also, there are no assets in a trust compliant with GASB codification P22.101 or P52.101.

SUPPLEMENTAL INFORMATION

CITY OF HAZELWOOD, MISSOURI
COMBINING BALANCE SHEET - NONMAJOR FUNDS
JUNE 30, 2018

	Special Revenue Funds				Total
	Sewer Lateral	Robertson Area Tax Increment Financing District	Elm Grove Area Tax Incremental Financing District	Asset Forfeiture	
ASSETS AND OTHER DEBITS					
Cash and investments	\$ 150,752	\$ 132,313	\$ -	\$ 62,227	\$ 345,292
Receivables:					
Sales taxes	-	6,051	-	-	6,051
Other	589	144,313	-	-	144,902
TOTAL ASSETS	\$ 151,341	\$ 138,364	\$ -	\$ 62,227	\$ 496,245
LIABILITIES					
Accounts payable	\$ 4,472	\$ 150,257	\$ -	\$ 25	\$ 154,754
FUND BALANCES					
Restricted for:					
Asset forfeiture	-	-	-	62,202	62,202
Sewer Lateral	146,869	-	-	-	146,869
Economic development	-	132,420	-	-	132,420
TOTAL FUND BALANCES	146,869	132,420	-	62,202	341,491
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 151,341	\$ 282,677	\$ -	\$ 62,227	\$ 496,245

CITY OF HAZELWOOD, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				Total
	Sewer Lateral	Robertson Area Tax Increment Financing District	Elm Grove Area Tax Incremental Financing District	Asset Forfeiture	
REVENUES					
Property taxes	\$ -	\$ 479,792	\$ -	\$ -	\$ 479,792
Sales taxes	-	89,657	38,484	-	128,141
Intergovernmental	-	-	-	11,300	11,300
Investment income	26	429	-	-	455
Sewer lateral	70,313	-	-	-	70,313
TOTAL REVENUES	70,339	569,878	38,484	11,300	690,001
EXPENDITURES					
Current:					
Police	-	-	-	67,789	67,789
Sewer lateral	120,156	-	-	-	120,156
Economic development	-	2,750	1,574,932	-	1,577,682
Debt service:					
Interest	-	564,153	-	-	564,153
TOTAL EXPENDITURES	120,156	566,903	1,574,932	67,789	2,329,780
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,817)	2,975	(1,536,448)	(56,489)	(1,639,779)
CHANGE IN FUND BALANCE	(49,817)	2,975	(1,536,448)	(56,489)	(1,639,779)
FUND BALANCES - BEGINNING OF YEAR	196,686	129,445	1,536,448	118,691	1,981,270
FUND BALANCES - END OF YEAR	\$ 146,869	\$ 132,420	\$ -	\$ 62,202	\$ 341,491

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,757,592	\$ 1,757,592	\$ 1,744,038	\$ (13,554)
Intergovernmental	60,300	60,300	493,127	432,827
Investment income	-	-	234	234
Miscellaneous	-	-	40,873	40,873
Total Revenues	<u>1,817,892</u>	<u>1,817,892</u>	<u>2,278,272</u>	<u>460,380</u>
EXPENDITURES				
Current:				
Economic development	548,678	548,678	550,000	(1,322)
Capital outlay	1,906,740	2,477,868	2,415,812	62,056
Debt service:				
Principal	597,635	597,635	504,486	93,149
Interest	116,886	116,886	109,016	7,870
Total Expenditures	<u>3,169,939</u>	<u>3,741,067</u>	<u>3,579,314</u>	<u>161,753</u>
REVENUE UNDER EXPENDITURES	<u>(1,352,047)</u>	<u>(1,923,175)</u>	<u>(1,301,042)</u>	<u>(298,627)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	18,000	18,000	-	(18,000)
Debt proceeds	-	-	370,000	370,000
Transfers in	654,504	654,504	619,732	(34,772)
Total Other Financing Sources (Uses)	<u>672,504</u>	<u>672,504</u>	<u>989,732</u>	<u>317,228</u>
NET CHANGE IN FUND BALANCE	<u>\$ (679,543)</u>	<u>\$ (1,250,671)</u>	<u>\$ (311,310)</u>	<u>\$ 939,361</u>
FUND BALANCE - BEGINNING OF YEAR			<u>922,505</u>	
FUND BALANCE - END OF YEAR			<u>\$ 611,195</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, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ 10	\$ 26	\$ 16
Sewer lateral	70,000	70,313	313
Total Revenues	<u>70,010</u>	<u>70,339</u>	<u>329</u>
EXPENDITURES			
Current:			
Sewer lateral	<u>125,040</u>	<u>120,156</u>	<u>4,884</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (55,030)</u></u>	<u>(49,817)</u>	<u><u>\$ (4,555)</u></u>
FUND BALANCE - BEGINNING OF YEAR		<u>196,686</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 146,869</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, 2018

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 11,300	\$ 11,300
EXPENDITURES			
Current:			
Police	121,459	67,789	53,670
NET CHANGE IN FUND BALANCE	<u>\$ (121,459)</u>	(56,489)	<u>\$ 64,970</u>
FUND BALANCE - BEGINNING OF YEAR		<u>118,691</u>	
FUND BALANCE - END OF YEAR		<u>\$ 62,202</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.	59-62
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources.	63-67
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.	68-71
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.	72-73
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.	74-76

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:										
Net investment										
in capital assets	\$23,123,390	\$22,840,739	\$23,356,189	\$21,730,322	\$21,436,564	\$21,501,154	\$21,286,054	\$19,331,051	\$18,810,695	\$17,868,052
Restricted	3,918,895	6,977,551	7,473,420	8,183,252	6,236,403	5,271,498	5,308,743	7,042,766	5,679,975	5,816,170
Unrestricted	<u>(26,713,864)</u>	<u>(27,404,885)</u>	<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>
Total governmental										
activities net position	<u>\$ 328,421</u>	<u>\$ 2,413,405</u>	<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>

Source: Basic financial statements

2017 amount was restated for implementation of GASB 75.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental activities:										
General government	\$ 3,113,107	\$ 2,975,296	\$ 2,851,643	\$ 2,977,964	\$ 2,902,583	\$ 2,666,982	\$ 2,848,593	\$ 2,687,257	\$ 2,825,251	\$ 2,793,428
Police	8,373,271	8,261,790	8,392,854	7,917,507	9,316,264	8,266,062	8,095,132	7,507,749	7,720,152	7,589,247
Fire and ambulance	7,257,367	9,887,304	10,030,460	9,379,951	8,271,077	8,818,068	8,427,562	8,684,030	8,436,527	8,218,900
Public works	3,955,153	3,911,282	3,923,809	3,824,403	3,695,178	3,533,085	3,459,191	3,325,951	3,489,426	3,756,069
Parks and recreation	3,280,869	3,128,595	3,153,006	2,760,122	2,915,181	3,047,775	3,056,839	3,030,546	2,902,659	3,137,528
Economic development	8,635,217	6,543,725	7,187,499	7,805,287	7,858,298	8,178,450	12,210,059	8,909,277	8,715,851	11,793,396
Sewer lateral	120,156	133,673	69,192	97,294	96,021	115,874	105,482	70,560	113,739	60,549
Interest on long-term debt	2,695,512	2,600,713	2,719,063	2,670,729	2,869,492	2,794,487	2,641,027	2,503,981	2,424,195	2,191,555
Special Item	-	-	-	-	1,292,129	-	-	-	-	-
Total governmental activities expenses	37,430,652	37,442,378	38,327,526	37,433,257	39,216,223	37,420,783	40,843,885	36,719,351	36,627,800	39,540,672
PROGRAM REVENUE										
Governmental activities:										
Charges for services										
General government	4,137,347	901,427	601,694	487,791	389,332	524,869	417,250	426,826	255,810	368,801
Police	627,137	607,537	702,878	912,185	1,896,389	2,177,394	2,558,444	2,412,430	2,657,616	2,414,229
Fire and ambulance	644,552	593,539	593,099	558,919	471,578	508,978	417,264	359,209	335,649	453,861
Parks and recreation	646,556	589,094	616,201	537,660	498,353	506,838	562,242	507,906	473,284	560,978
Sewer lateral	70,313	35,826	33,127	35,024	35,482	35,449	35,630	36,123	37,887	72,519
Operating grants and contributions	1,837,569	1,780,410	1,773,612	2,276,605	2,932,605	1,902,997	1,977,492	2,193,975	2,056,089	2,100,070
Capital grants and contributions	493,257	122,727	1,453,505	616,661	846,496	91,836	1,037,655	909,734	292,830	1,138,393
Total governmental activities program revenue	8,456,731	4,630,560	5,774,116	5,424,845	7,070,235	5,748,361	7,005,977	6,846,203	6,109,165	7,108,851
NET EXPENSES	<u>(28,973,921)</u>	<u>(32,811,818)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property	7,953,974	7,800,397	9,165,194	10,911,903	10,850,695	9,571,557	10,732,806	11,358,534	11,044,917	12,542,793
Sales	15,359,920	14,624,258	14,984,160	14,532,163	13,488,140	13,702,676	13,747,457	13,656,531	12,495,802	13,548,928
Utility	3,038,291	3,066,977	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918	2,740,588
Other taxes	-	66,619	76,332	68,383	66,703	70,128	71,043	72,868	76,689	82,848
Licenses	-	3,201,235	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670	2,654,812
Investment income	74,638	49,272	76,066	72,557	63,076	20,194	21,020	19,826	31,232	105,316
Other miscellaneous revenue	1,060,933	453,761	1,169,629	975,835	484,752	551,724	734,440	477,741	350,452	292,508
Total governmental activities	27,487,756	29,262,519	32,015,211	33,693,028	31,772,818	30,418,607	31,472,896	31,942,879	30,128,680	31,967,793
CHANGES IN NET POSITION	<u>\$ (1,486,165)</u>	<u>\$ (3,549,299)</u>	<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>

Source: Basic financial statements.

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

	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
General Fund:										
Nonspendable	\$ 67,308	\$ 17,617	\$ 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	8,072,300	4,636,686	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
Unreserved	-	-	-	-	-	-	-	-	4,863,430	4,205,313
Total General Fund	<u>\$ 8,139,608</u>	<u>\$ 4,654,303</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ 28,053	\$ 50,424	\$ 18,534	\$ 230,791	\$ -	\$ -	\$ 9,659	\$ -	\$ -
Restricted	3,498,895	6,529,583	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
Unreserved reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	(622,491)	(196,026)
Special revenue funds	-	-	-	-	-	-	-	-	3,636,934	3,310,179
Total all other governmental funds	<u>\$ 3,498,895</u>	<u>\$ 6,557,636</u>	<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>

Source: Basic financial statements.

(1) GASB 54 was implemented in 2011.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property taxes	\$ 8,003,729	\$ 8,046,468	\$ 9,461,761	\$ 10,890,745	\$ 10,822,152	\$ 9,590,179	\$ 10,717,261	\$ 11,562,752	\$ 10,900,226	\$ 12,478,667
Sales taxes	15,359,920	14,624,258	14,984,160	14,738,292	13,680,453	13,864,157	13,904,278	13,812,528	12,638,582	13,686,724
Utility taxes	3,038,291	3,066,977	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918	2,740,588
Other taxes	1,376,082	1,378,882	1,375,386	1,399,185	1,363,055	1,392,355	1,431,119	1,571,615	1,527,385	1,604,456
Permits and inspections	646,328	846,339	541,980	471,362	371,908	510,677	396,349	406,077	236,088	340,767
Licenses	3,432,070	3,201,235	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670	2,654,812
Intergovernmental	954,744	549,874	1,616,763	1,441,707	2,186,136	511,125	1,493,672	1,447,687	755,443	600,352
Fines and forfeitures	686,086	662,625	762,592	1,081,830	1,847,704	1,919,022	2,293,669	2,220,257	2,468,649	2,275,932
Investment income	74,638	49,272	76,066	72,557	63,076	20,194	21,020	19,826	31,232	105,316
Recreation fess	646,556	589,094	616,201	537,660	498,353	506,838	562,242	507,906	473,284	560,978
Sewer lateral	70,313	35,826	33,127	35,024	35,482	35,449	35,630	36,123	37,887	72,519
Miscellaneous	1,747,680	1,038,555	1,216,533	1,522,144	1,032,985	1,088,966	1,239,156	949,245	810,509	728,620
Total Revenues	36,036,437	34,089,405	37,228,399	39,322,693	38,720,756	35,941,290	38,260,526	38,891,395	36,008,873	37,849,731
Expenditures										
Current:										
Mayor and council	70,481	48,678	91,620	125,725	79,378	100,284	81,451	46,334	72,157	80,693
City manager	619,808	587,716	533,148	518,276	522,425	537,533	500,278	514,153	618,390	803,883
Information system	495,230	482,450	481,236	497,195	540,309	470,385	467,413	429,938	456,916	404,377
Finance	471,371	459,513	472,402	422,166	441,459	433,140	448,432	389,657	386,544	378,533
Legal	413,001	524,267	422,857	463,806	495,596	575,724	567,732	538,314	512,820	501,183
City clerk	199,244	218,550	247,803	247,379	247,960	250,123	253,423	227,964	227,854	230,127
Courts	197,010	-	-	-	-	-	-	-	-	-
Police	7,872,020	7,698,195	7,754,173	7,838,366	8,996,016	7,993,848	7,759,249	7,231,554	7,398,812	7,203,854
Fire and ambulance	6,759,574	9,425,751	9,439,566	9,087,169	8,103,252	8,519,532	8,169,334	8,455,698	8,250,191	8,054,242
Public works:										
Administration	1,184,438	1,277,719	1,287,119	1,247,460	1,258,408	1,274,562	1,172,431	1,141,672	1,148,820	1,191,680
General maintenance	940,115	949,353	977,152	1,057,317	977,058	858,639	1,020,863	922,765	919,287	1,148,052
Park maintenance	890,568	836,450	857,852	729,793	784,335	878,348	935,160	920,953	904,521	982,270
Recreation	1,918,572	1,845,663	1,891,442	1,678,093	1,727,606	1,745,150	1,742,744	1,742,736	1,661,705	1,781,173
Street	-	-	-	-	-	-	-	-	-	93,215
Sewer lateral	120,156	133,673	69,192	97,294	96,021	115,874	105,482	70,560	113,739	60,549
Economic development	8,608,248	6,492,758	7,067,603	7,709,311	7,819,131	8,055,648	12,085,939	8,994,671	8,820,801	11,795,074
Capital outlay	2,736,140	1,274,438	3,379,928	3,004,413	1,785,243	2,358,176	3,726,463	3,745,198	2,855,697	3,396,238
Debt service:										
Principal	1,555,486	1,612,385	1,491,637	6,704,264	1,627,087	1,612,502	1,512,630	1,120,632	1,157,837	1,089,413
Interest	930,351	1,474,509	2,691,852	1,747,766	1,626,798	965,760	1,133,145	866,970	1,950,504	895,889
Bond Issuance costs	-	-	169,047	-	-	-	103,580	-	-	-
Total Expenditures	35,981,813	35,342,068	39,325,629	43,175,793	37,128,082	36,745,228	41,785,749	37,359,769	37,456,595	40,090,445
Excess of revenues over (under) expenditures	54,624	(1,252,663)	(2,097,230)	(3,853,100)	1,592,674	(803,938)	(3,525,223)	1,531,626	(1,447,722)	(2,240,714)
Other Financing Sources (Uses)										
Sale of assets	1,940	3,450	11,310	-	-	-	-	-	-	-
Insurance proceeds	-	6,471	-	-	-	-	-	-	-	-
Lease proceeds	370,000	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	8,488,995	714,749	63,333	-	6,639,047	1,798,702	1,436,764	1,712,275
Premium/discount on debt issuance	-	-	542,727	-	-	-	256,919	-	-	-
Payment to escrow agent	-	-	(8,641,494)	-	-	-	-	-	-	-
Payment to trustee	-	2,067	76	-	-	-	-	-	-	-
Transfers in	619,732	614,242	618,597	722,525	421,991	631,352	507,745	430,498	396,069	362,259
Transfers out	(619,732)	(614,242)	(618,597)	(722,525)	(421,991)	(631,352)	(507,745)	(430,498)	(396,069)	(362,259)
Total Other Financing Sources (Uses)	371,940	11,988	401,614	714,749	63,333	-	6,895,966	1,798,702	1,436,764	1,712,275
Net change in fund balances	\$ 426,564	\$ (1,240,675)	\$ (1,695,616)	\$ (3,138,351)	\$ 1,656,007	\$ (803,938)	\$ 3,370,743	\$ 3,330,328	\$ (10,958)	\$ (528,439)
Debt service as a percentage of noncapital expenditures	7.4%	9.0%	11.6%	20.8%	9.1%	7.4%	6.9%	5.9%	8.9%	5.3%

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					
2018	2017	\$ 172,689,270	\$ 225,370,777	\$ 292,190	\$ 398,352,237	\$ 113,190,034	\$511,542,271	0.987	\$ 1,955,179,592	26.2 %
2017	2016	160,650,480	216,494,183	276,640	377,421,303	125,513,406	502,934,709	0.987	1,900,918,715	26.5
2016	2015	162,160,520	224,810,450	289,650	387,260,620	129,113,667	516,374,287	0.987	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	0.986	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	0.987	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	0.987	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	0.987	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	0.987	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	0.977	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	0.976	2,274,668,449	28.6

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>2017</u>	<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>
City of Hazelwood*										
Basic Rate	\$ 0.767	\$ 0.767	\$ 0.987	\$ 0.986	\$ 0.987	\$ 0.987	\$ 0.987	\$ 0.987	\$ 0.977	\$ 0.976
General Obligation Debt Service	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>	<u>0.222</u>
Total Direct Rate	<u>0.989</u>	<u>0.989</u>	<u>1.209</u>	<u>1.208</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.199</u>	<u>1.198</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	0.195	0.206	0.206	0.200	0.200	0.200	0.200	0.190	0.190	0.190
County Park Maintenance	0.046	0.049	0.049	0.050	0.050	0.050	0.050	0.050	0.050	0.050
County Bond Retire	0.019	0.019	0.019	0.028	0.028	0.028	0.028	0.028	0.028	0.063
Road and Bridges	0.098	0.103	0.103	0.105	0.105	0.105	0.105	0.105	0.105	0.105
County Hospital/Health	0.131	0.138	0.138	0.140	0.140	0.140	0.140	0.150	0.150	0.150
Metropolitan Zoo	0.269	0.279	0.278	0.280	0.280	0.268	0.267	0.255	0.249	0.234
Sheltered Workshops	0.084	0.088	0.088	0.090	0.089	0.084	0.084	0.079	0.074	0.069
County Library	0.234	0.246	0.246	0.250	0.250	0.173	0.163	0.157	0.140	0.140
Special School District	1.191	1.240	1.235	1.261	1.240	1.012	1.013	0.995	0.938	0.918
St. Louis Community College	0.211	0.218	0.218	0.220	0.220	0.220	0.220	0.218	0.214	0.201
Hazelwood School District	6.520	6.520	6.220	6.220	6.220	6.220	6.220	6.220	6.039	5.370
Metro Sewer District	0.116	0.120	0.088	0.088	0.087	0.064	0.082	0.079	-	-
Coldwater Creek Sewer District	-	-	0.100	0.100	0.100	0.100	0.100	0.097	-	-
Total Overlapping Governments	<u>9.144</u>	<u>9.256</u>	<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>
Total City And Overlapping Governments	<u>\$ 10.133</u>	<u>\$10.245</u>	<u>\$10.226</u>	<u>\$ 10.270</u>	<u>\$ 10.248</u>	<u>\$ 9.903</u>	<u>\$ 9.911</u>	<u>\$ 9.862</u>	<u>\$ 9.406</u>	<u>\$ 8.718</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	2017			2008		
	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	\$ 25,015,140	1	4.89 %	\$ 32,879,860	2	5.57 %
bioMerieux, Inc.	15,871,910	2	3.10			
IBM Corp	12,144,940	3	2.37	13,321,770	4	2.25
TSP Blackhawk, LLC	11,741,280	4	2.30			
McDonnell Douglas Corporation	11,623,850	5	2.27			
NP Hazelwood 140, LLC	10,974,230	6	2.15	13,171,460	5	2.23
Ryan, LLC	8,548,610	7	1.67			
Mallinckrodt, LLC	8,344,960	8	1.63			
St. Louis Retail Outlet, LLC	8,168,650	9	1.60	8,000,000	7	1.35
DP Properties, LLC	7,116,230	10	1.39			
St. Louis Mills Limited Partnership	-		-	41,587,520	1	7.04
DP Properties LP	-		-	15,601,120	3	2.64
Welsh Lambert Pointe Development	-		-	10,632,310	6	1.80
J B Management LP	-		-	7,893,530	8	1.34
CPR Holdings BLP	-		-	6,758,460	9	1.14
AT&T	-		-	5,898,690	10	1.00
Totals	<u>\$119,549,800</u>		<u>23.37 %</u>	<u>\$155,744,720</u>		<u>26.36 %</u>

Source: St. Louis County Assessor

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

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Tax Collections In Fiscal Year Of The Levy	Percent Collected As Current	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2018	2017	\$ 4,709,736	\$ 3,396,578	72.1 %	857,927	\$ 4,254,505	90.3 %	\$ 1,688,611	35.9 %
2017	2016	4,563,563	3,579,563	78.4	799,654	4,379,217	96.0	1,405,472	30.8
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

(1) Source: St. Louis County Collector's Office as of December 31 of the tax levy year.

(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)
2018	2.00 %	2.888 %	4.225 %	9.113 %	\$ 15,359,920	\$ n/a
2017	2.00	2.888	4.225	9.113	14,758,062	328,173,099
2016	2.00	2.888	4.225	9.113	15,550,979	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

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

The state could not provide this information on a timely basis for the fiscal year ended June 30, 2018.

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:

- % Capital improvements sales tax effective October 1996
- % Parks and stormwater sales tax effective April 2002
- % Economic development sales tax effective July 2007
- % 1/4 Fire sales tax effective January 2015
- % 1/4 Local sales tax effective October 2015
- % Public Safety effective October 2017 (Prop P)

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			
2018	\$ 7,750,014	\$ -	\$ 17,055,000	\$ 3,204,080	\$ -	\$ 225,000	\$ 1,399,110	\$ 29,633,204	4.52 %	1,153
2017	8,674,390	-	17,055,000	3,507,555	2,321	295,000	1,357,275	30,891,541	4.69	1,202
2016	9,583,766	-	17,055,000	3,806,030	5,674	360,000	1,766,308	32,576,778	4.93	1,267
2015	10,170,847	-	17,055,000	4,009,412	9,027	420,000	1,480,598	33,144,884	5.02	1,290
2014	16,152,324	117,541	17,055,000	4,236,615	12,380	480,000	1,104,219	39,158,079	5.93	1,523
2013	16,848,801	577,313	17,055,000	4,453,818	15,733	535,000	1,259,848	40,745,513	6.46	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	6.42	1,649
2011	12,603,214	-	17,055,000	4,863,224	22,439	635,000	1,825,587	37,004,464	6.16	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

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 Value of Taxable 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>
2018	25,703	\$ 1,955,179,592	\$ 7,750,014	\$ 696,569	\$ 7,053,445	0.36 %	\$ 274
2017	25,703	1,900,918,715	8,674,390	731,150	7,943,240	0.42	309
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

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, 2018

<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	\$ 92,215,000	2.5 %	\$ 2,305,375
Hazelwood School District	214,772,704	26.9	57,773,857
Ferguson-Florissant School District	35,720,000	8.7	3,107,640
Pattonville School District	<u>92,905,000</u>	0.4	<u>371,620</u>
Total Overlapping Debt	435,612,704		63,558,492
City direct debt	<u>29,633,204</u>	100	<u>29,633,204</u>
Total Direct And Overlapping Debt	<u>\$ 465,245,908</u>		<u>\$ 93,191,696</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	<u>\$ 51,154,227</u>	<u>\$ 50,293,471</u>	<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>
Amount of Debt Subject to Limit										
Total Bonded Debt	7,750,014	8,674,390	9,583,766	10,170,847	16,152,324	16,848,801	17,520,277	12,603,214	13,204,606	13,785,998
Less- Amounts Available in Debt Service Fund	<u>696,569</u>	<u>731,150</u>	<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>
Total Amount of Debt Applicable to Debt Limit	<u>7,053,445</u>	<u>7,943,240</u>	<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>
Legal Debt Margin	<u><u>\$ 44,100,782</u></u>	<u><u>\$ 42,350,231</u></u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.79%	15.79%	17.05%	17.20%	19.10%	19.28%	20.46%	19.72%	20.95%	19.87%

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 Household Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (3)</u>
2018	25,703	\$ 655,555	\$ 25,505	51,218	37	3,722	3.9 %
2017	25,703	658,100	25,604	45,851	37	4,037	4.3
2016	25,703	660,207	25,686	44,807	37	4,271	5.1
2015	25,703	659,822	25,671	44,855	37	4,497	6.2
2014	25,703	660,336	25,691	44,441	37	4,802	6.6
2013	25,703	630,366	24,525	46,365	37	4,967	7.5
2012	25,703	660,541	25,699	47,218	37	4,867	7.1
2011	26,206	600,978	25,716	47,838	36	5,032	9.4
2010	25,703	665,501	25,395	49,355	36	4,655	10.0
2009	26,206	N/A	N/A	N/A	36	4,655	9.7

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

(2) Source: Missouri Department of Economic Development

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

Employer	2018			Employer	2009		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
The Boeing Company	5,610	1	28.20 %	The Boeing Company	5,610	1	23.98 %
bioMerieux, Inc.	609	2	3.06	Convergys Corp.	1,215	2	5.19
GKN Aerospace North America, Inc.	464	3	2.33	IBM Corporation	968	3	4.14
Convergys Corp.	387	4	1.95	Mallinckrodt, Inc.	645	4	2.76
IBM Corporation	360	5	1.81	bioMerieux, Inc.	609	5	2.60
Hazelwood Distribution Company, Inc.	355	6	1.78	GKN Aerospace North America, Inc.	600	6	2.57
Mallinckrodt, Inc.	343	7	1.72	First Bank	369	7	1.58
First Bank	330	8	1.66	Supervalu St. Louis Division	355	8	1.52
SAK Construction	318	9	1.60	Home Decorators Collection	308	9	1.32
Amazon.com Services, Inc.	283	10a	1.42	Alcara Power-Line Systems	291	10	1.24
Fiserve Solutions, Inc.	283	10b	1.42				
Total	<u>9,342</u>		<u>46.96 %</u>		<u>10,970</u>		<u>46.91 %</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
City Manager	5	5	5	5	5	5	5	5	7	7
Information Technology	2	2	2	2	-	-	-	-	-	-
Economic Development	3	3	3	3	3	3	3	3	2	2
Finance	4	4	4	4	4	4	4	4	4	4
Legal	1	3	3	4	4	4	4	4	4	4
Municipal Court	2									
City clerk	2	3	3	3	3	3	3	3	3	3
Public Safety:										
Police	80	80	83	84	84	85	85	85	89	85
Fire	32	35	34	34	34	34	34	34	34	34
Ambulance	6	3	3	3	3	3	3	3	3	3
Public Works:										
Administration	9	10	11	11	11	11	11	11	12	11
General/street maintenance	9	9	10	10	10	10	9	9	11	11
Parks maintenance	11	11	11	11	10	11	12	12	13	13
Recreation	30	31	42	36	42	42	41	42	43	35
Total	<u>196</u>	<u>199</u>	<u>214</u>	<u>210</u>	<u>213</u>	<u>215</u>	<u>214</u>	<u>215</u>	<u>225</u>	<u>212</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police:										
Arrests	3,012	1,958	1,343	2,117	3,318	3,394	3,307	2,964	2,984	3,090
Traffic citations	8,016	5,495	5,286	6,645	11,838	12,044	14,087	12,484	10,366	12,939
Fire:										
Fire calls	881	672	897	601	804	766	765	826	843	556
Ambulance calls	2,808	2,973	2,274	2,224	2,006	1,840	1,665	1,595	1,553	1,611
Inspections	1,163	1,077	1,068	1,132	1,013	710	984	998	1,168	1,155
Public works:										
Streets:										
Streets resurfacing (miles)	-	2	-	3	2	2	-	-	2	2
Sidewalk repairs (lineal ft.)	100	56	160	60	100	865	85	40	231	271
Potholes repaired (tons of material)	62	166	80	80	80	30	80	160	289	141
Administration:										
Building permits issued	1,006	901	933	883	989	913	751	732	646	629
Residential occupancy permits issued	2,053	1,918	1,542	1,400	1,961	2,066	1,988	2,071	2,000	1,564
Recreation:										
Community center admissions	103,679	110,896	92,751	93,464	106,598	112,231	103,620	104,068	10,528	103,868
Finance:										
Business licenses issued	833	872	873	901	952	1,008	1,031	1,029	1,072	985
Payroll transactions	7,196	7,411	7,184	7,343	7,415	7,380	7,260	7,365	7,310	7,545
Accounting funds	16	16	16	16	16	15	15	15	15	15
Payable checks issued	4,081	4,002	4,285	4,349	4,824	4,930	5,043	4,940	5,339	5,882
Payable EFT's issued	1,096	1,074	1,048	459	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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Public safety/police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	32	31	31	31	31	31	31	31	31
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	588	588	586	586	586	586	586	583	580	580
Vehicles	11	11	10	10	10	10	10	10	11	10
<u>Public works:</u>										
Miles of streets	169	169	168	168	168	168	168	168	168	168
Street lights and signals	145	143	111	111	111	111	111	111	111	111
<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	179	179	176
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