

City of Hazelwood, Missouri

POPULAR ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018



City of Hazelwood
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To the Citizens of Hazelwood:

I am pleased to present the City of Hazelwood's (City's) Popular Annual Financial Report (PAFR) for the year ended June 30, 2018. This report is intended to increase the community's awareness regarding the financial operations of the City. As such, the report is written in a manner that will summarize and communicate the City's financial position.

Financial information within this report is derived from the City's 2018 Comprehensive Annual Financial Report (CAFR). The CAFR provides more detailed information and includes an independent auditor report from a firm of licensed certified public accountant. The CAFR is prepared in accordance with Accounting Principles Generally Accepted in the United States of America. We are proud to report that the City's Finance Department has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) every year from 1998 to 2017. We believe our current CAFR continues to meet the requirements and we have submitted it to the GFOA. Copies of the 2018 CAFR are available on the City's website at www.hazelwoodmo.org.

I hope that you find this report informative and I welcome your comments and questions.

Sincerely,



David L. Tuberty, CPA
Finance Director

Statistical Data

Year of incorporation as a Village:	1949
Year of incorporation as a City:	1970
Form of Government:	Council/Manager
Area (square miles):	16.76
Miles of streets:	169
Street lights and signals:	145
Acres of parks	179
Total number of employees:	
Full-time:	172
Part-time:	50
Seasonal:	100

Demographic Data

Population:	25,703
Median household income:	\$51,218
Per capita income:	\$25,505
Residential households (occupied):	10,993
Business licenses issued:	833

Appointed Officials:

	Title	Appointed
Matt Zimmerman	City Manager	2014
Chris Thomas	City Clerk	2016
Lisa Powers	Assistant City Manager	2018
Kevin O'Keefe	City Attorney	1994
Kevin Kelly	Municipal Judge	2003
David Stewart	Director of Public Works	2009
Gregg Hall	Chief of Police	2013
Dave Herman	Fire Chief	2017
David Tuberty	Director of Finance	2017

City of Hazelwood, Missouri Financial Activity Statements for all Governmental Funds		
	2018	2017
Revenues		
Property taxes	\$ 8,003,729	\$ 8,046,468
Taxes-other	15,359,920	14,624,258
Utility gross receipts taxes	3,038,291	3,066,977
Other taxes	1,376,082	1,378,882
Permits and inspections	646,328	846,339
Licenses	3,432,070	3,201,235
Intergovernmental	954,744	549,874
Fines and forfeitures	686,086	662,625
Investment income	74,638	49,272
Recreation fees	646,556	589,094
Sewer lateral	70,313	35,826
Miscellaneous	1,747,680	1,038,555
Total Revenues	36,036,437	34,089,405
Expenditures		
General government	2,466,145	2,321,174
Police	7,872,020	7,698,195
Fire and ambulance	6,759,574	9,425,751
Public works		
Administration	1,184,438	1,277,719
General maintenance	940,115	949,353
Park maintenance	890,568	836,450
Recreation	1,918,572	1,845,663
Sewer lateral	120,156	133,673
Economic development	8,608,248	6,492,758
Capital outlay	2,736,140	1,274,438
Principal	1,555,486	1,612,385
Interest	930,351	1,474,509
Total Expenditures	35,981,813	35,342,068
Other Financing Sources (Uses)		
	371,940	11,988
Net Change In Fund Balance	426,564	(1,240,675)

Financial Activity

You will notice an increase in the City's net change in fund balance. The increase is a net of all activity across all City Funds. The City's revenues exceeded expenditures in its Governmental Funds and increased by nearly \$2 million. The single most significant factor was the introduction to the one-half cent Public Safety sales tax. Other increases were due to one-time revenues like the refund of surplus TIF taxes with the closing of the Elm Grove TIF.

The primary increases in expenditure are from economic development costs related to new industrial development, and capital costs that were planned for 2017 but did not occur until 2018. Decreases in expenditure for 2018 were due to the termination of the Fire Service contract with the Robertson Fire Protection District. Debt service (payment and expenses) was less in 2018 than in 2017. The remainder of revenues and expenditures was fairly consistent. The City's General Fund increased by over \$3,000,000. As seen in the Fund schedules, the City has sufficient fund balance to meet its obligations.



Where does the money come from?

Taxes-other make up the largest revenue source for the City. The taxes included in this category are:

- 1.00% Sales Tax
- 0.25% Local Option Tax
- 0.50% Capital Improvement Tax
- 0.50% Park and Storm Water Tax
- 0.50% Economic Development Tax
- 0.50% Public Safety Tax
- 0.25% Fire Sales Tax

Property taxes are derived from the City's combined real estate tax rate of \$0.989 per \$100 assessed valuation.

Utility gross receipts tax is charged on the gross receipts of all utility companies within the City, including telephone, electric, natural gas, water and cable.

Other taxes from state or federal sources and include gasoline, cigarette, motor vehicle and road and bridge taxes and from hotel/motel tourism taxes.

Permits and inspections from building and zoning fees.

Licenses are the fees for merchant, vending and liquor licenses required by the City's code or state law.

Intergovernmental grants from federal or state agencies.

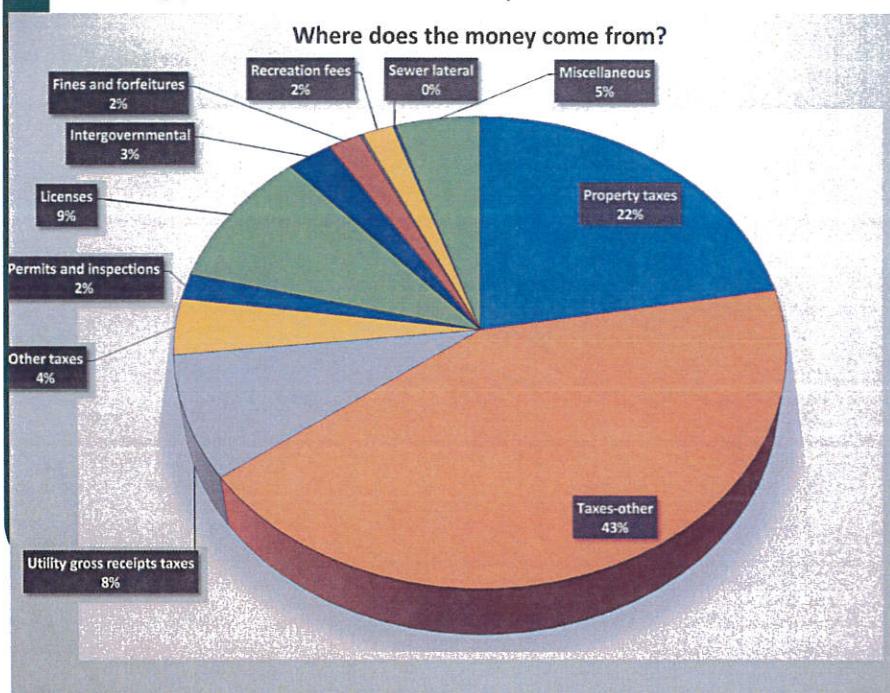
Fines and forfeitures determined by the Municipal Court.

Investment income is revenue earned by investing City Funds pursuant to the City's investment policy.

Recreation fees are parks and recreational program fees.

Sewer lateral is revenue from the Sewer Lateral fee collected with property taxes and fees collected from property owners for repairs.

Miscellaneous consists of refunds, insurance premium reimbursements, sale of surplus property, financing proceeds and other infrequent and otherwise unclassified revenue.



Revenues	2018
Property taxes	\$8,003,729
Taxes-other	15,359,920
Utility gross receipts taxes	3,038,291
Other taxes	1,376,082
Permits and inspections	646,328
Licenses	3,432,070
Intergovernmental	954,744
Fines and forfeitures	686,086
Investment income	74,638
Recreation fees	646,556
Sewer lateral	70,313
Miscellaneous	1,747,680
Total Revenues	36,036,437

Where does the money go?

General government expenditures cover the Mayor and City Council, City Manager, City Clerk, Municipal Court, information technology, insurance and finance functions.

Police department expenditures are for police protection, investigation and dispatch.

Fire and ambulance are for fire protection and medical emergency.

Public works expenditures include code enforcement, street maintenance, snow removal, trash removal, park and recreation programs and the maintenance of City property.

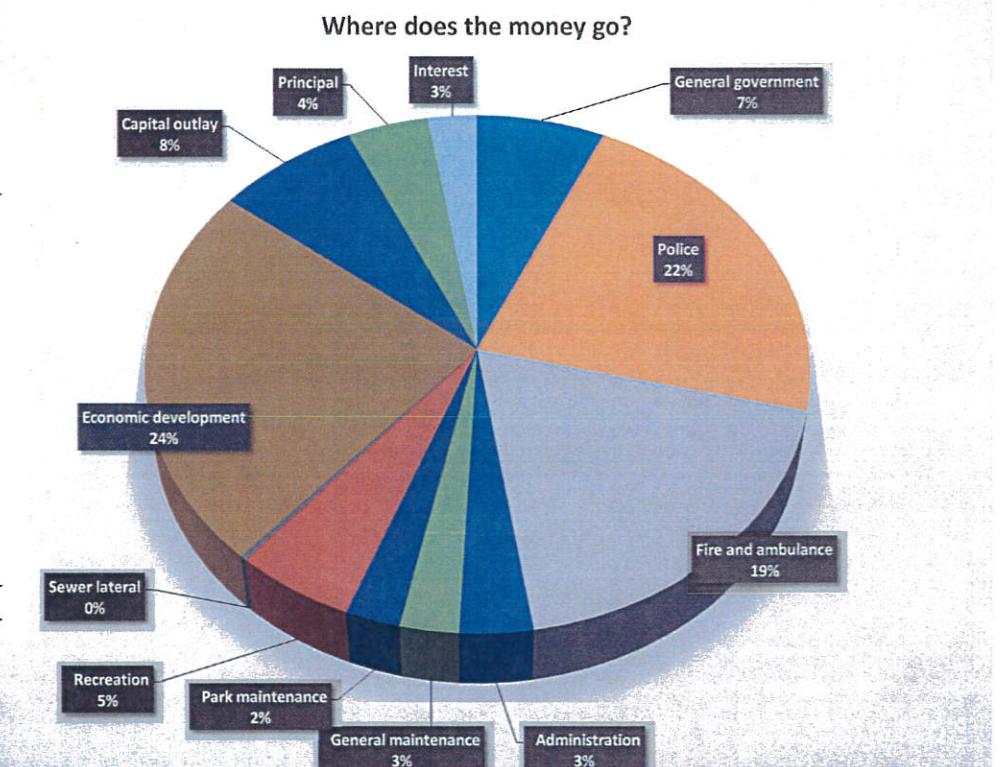
Sewer lateral are expenditures for the maintenance of lateral sewer lines for property owners to MSD.

Economic development expenditures relate to business and industry development within the City.

Capital outlay is the cost of purchasing capital items and the construction or acquisition of buildings or infrastructure (streets, sidewalks, bridges, storm channels).

Principal and interest represent the expenditures for debt service on the City's General Obligation Bonds and TIF revenue bonds.

Expenditures	2018
General government	2,466,145
Police	7,872,020
Fire and ambulance	6,759,574
Public Works Administration	1,184,438
General maintenance	940,115
Park maintenance	890,568
Recreation	1,918,572
Sewer lateral	120,156
Economic development	8,608,248
Capital outlay	2,736,140
Principal	1,555,486
Interest	930,351
Total Expenditures	35,981,813



Fund Structure and Balance

The City has adopted a fund structure which serves to define the purpose of each fund and be a guide to maintain a healthy balance for long-term financial stability.

The City has nine (9) funds:

- **General Fund:** The City's primary operating fund, recording the legally authorized activities in the City except those required to be accounted for in other specialized funds
- **Capital Projects Fund:** Accounting for sales tax revenue and proceeds from the issuance of debt designated for capital improvements.
- **Debt Service Fund:** Accounting for the resources accumulated and payments made for the principal and interest on long-term general obligation debt of the governmental funds.
- **370 MO Bottom Road TIF Fund:** Accounting for the activity from the Tax Incremental Financing for the St. Louis Outlet Mall area.
- **Economic Development Fund:** Accounting for the activity related to the economic development support activity, funded by the one-half cent Economic Development sales tax.
- **Other Non-Major Funds:** Special revenue funds (4 in total) which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

It is the policy of the City to maintain a prudent level of financial resources to allow the City to continue to function in a timely manner in the face of unforeseen events. The City has established a minimum requirement of 17% of the General Fund appropriation. The Governmental Accounting Standards Board (GASB) has required that fund balances be distinguished in five (5) categories:

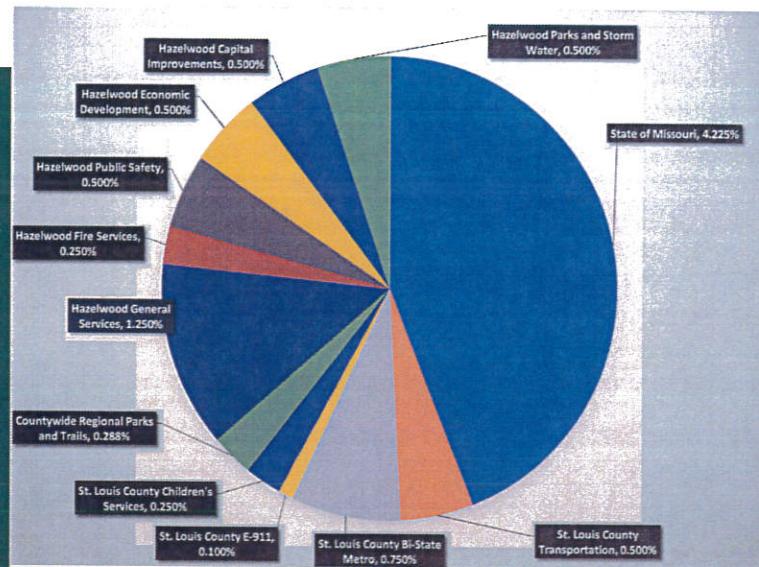
- **Nonspendable:** Consists of prepaid expenses.
- **Restricted:** Resources that are legally restricted by outside parties or by law.
- **Committed:** Resources which are subject to limitations the City imposes upon itself. The City had none in 2018.
- **Assigned:** Resources intended to be used for a specific purpose as approved by the City Council. The City had none in 2018.
- **Unassigned:** Resources available for any purpose.

Fund Balance
As of June 30, 2018

	General	Capital Projects	Debt Service	370/MO Bottom Rd. TIF	Economic Development	Other Non-major Funds	Total Governmental Funds
Non-spendable	\$ 67,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,308
Restricted	-	611,195	696,569	-	1,849,640	341,491	3,498,895
Unassigned	8,072,300	-	-	-	-	-	8,072,300
Total Fund Balances	\$ 8,139,608	\$ 611,195	\$ 696,569	\$ -	\$ 1,849,640	\$ 341,491	\$ 11,638,503

Sales Tax Rates in the City of Hazelwood

Sales within the City of Hazelwood are subject to several different rates depending on the type of sale and the location of the sale. The basic sales tax for non-food items is 9.613% and for food items is 6.225%. Sales which take place in the TDD areas of the City are subject to additional taxes for those areas. These rates are made up of the following sales taxes:



Outstanding Debt

The General Obligation (GO) Refinancing Bonds were originally issued to finance street reconstruction in 1999. During 2005 and again in 2007, bonds were refunded in order to take advantage of lower interest rates. The bonds mature in 2026.

Certificates of participation were issued in 2008 and refunded in 2015 to finance the construction of a new aquatic center and improving Fire Station #1. The final payments are in 2027.

Tax Increment Revenue Bond are special, limited obligations of the City and are payable solely from the incremental sales and property taxes generated by the Lambert Redevelopment Area. The bonds were issued in 2007. The annual debt service payments are contingent upon the revenues collected. Bonds are due in 2029.

Capital lease obligations are agreements to purchase capital assets. The City currently has six lease obligations that run until 2028.

Postretirement benefits are the outstanding liability on the City's financial statement for the value of employees' final payout upon retirement.

Outstanding Debt as of

June 30, 2018

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018
General Obligation Refinancing Bonds	\$ 8,969,390	\$ -	\$ (994,376)	\$ 7,975,014
Certificates of Participation	3,507,555	-	(303,475)	3,204,080
Tax Increment Revenue Bonds	17,055,000	-	-	17,055,000
Capital lease obligation	1,357,275	370,000	(328,165)	1,399,110
Compensated absenses	1,330,542	876,502	(774,060)	1,432,984
	\$ 32,219,762	\$ 1,246,502	\$ (2,400,076)	\$ 31,066,188

Elected Officials



Matthew Robinson
Mayor
Elected in 2009



Carol Stroker
Ward 1
Elected in 2010



Bob Aubuchon
Ward 2
Elected in 1997



Don Ryan
Ward 3
Elected in 2010



Bob Parkin, II
Ward 4
Elected in 2015



Russell Todd
Ward 5
Elected in 2008



Warren Taylor
Ward 6
Elected in 2008



Rosalie Hendon
Ward 7
Elected in 2007



Mary Singleton
Ward 8
Elected in 2008

The City of Hazelwood Ward Map

